

City of Jacksonville
North Carolina

**Comprehensive Annual
Financial Report**

For The Fiscal Year Ended June 30, 2008

Prepared by
FINANCE DEPARTMENT

Interim Finance Director
GAYLE S. MAIDES



**City of Jacksonville, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008**

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in Financial Reporting
- * City of Jacksonville - Organizational Chart
- * City of Jacksonville - List of Principal Officials



CITY OF JACKSONVILLE

City Manager



LETTER OF TRANSMITTAL

October 31, 2008

**Honorable Mayor and Members of the City Council
Jacksonville, North Carolina**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Jacksonville for the fiscal year ended June 30, 2008. The basic financial statements contained herein have been audited by the independent certified public accounting firm of McGladrey & Pullen, LLP, and their unqualified opinion is included in the financial section. This report has been prepared by the City, which is responsible for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures. We believe the data is accurate in all material respects and is shown in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit is included in the compliance section of this report.

This report encompasses all funds of the City. The City provides a full range of services: police and fire protection, construction and maintenance of streets, community development, planning and zoning, and parks and recreation. The City owns and operates a water and sewer system and also separately accounts for its solid waste and stormwater/water quality systems as business-type activities; therefore, these latter activities are included in the reporting entity.

PROFILE OF THE GOVERNMENT

The City of Jacksonville, incorporated in 1842, is located along the New River in Onslow County. It currently occupies 45.27 square miles and serves a population of 77,301, making Jacksonville the 11th largest city in North Carolina. Jacksonville is the county seat and is home to Marine Corps Base Camp Lejeune and Marine Corps Air Station New River. The City of Jacksonville is empowered to levy a property tax on both real and personal property located within the city limits. It is also empowered by State Statute to extend its corporate limits by annexation, which it has done from time to time.

The City has been governed by the Council-Manager form of government since 1953. Policy-making and legislative authority are vested in a governing council (Council) consisting of a Mayor and six Council members. Two Council members and the Mayor are elected-at-large, and four Council members are elected by district, all for staggered four-year terms. The Mayor and Council make appointments to various boards and commissions. The Council appoints the City Manager and City Attorney. The City Manager serves as Chief Executive Officer and is responsible for enforcement of laws and ordinances, delivery of services, planning and budgetary management.

The Council is required to adopt a final budget by no later than July 1 each year. The budget is prepared by fund and function (e.g., public safety). The City Manager is authorized by the budget ordinance to transfer appropriations up to \$5,000; however, any revisions that exceed \$5,000 at the functional level of the General Fund, Non-Major Governmental Funds, and Enterprise Funds, the fund level for the Capital Project Funds, or that alter total expenditures of any fund, must be approved by City Council.

LOCAL ECONOMY

The major industries located within the City's boundaries or in close proximity are government (military), retail, hotel/food services, education, and healthcare. The FY2008 unemployment rate was 6.0 percent, which was in line with the statewide rate of 6.2 percent and the national rate of 5.7 percent. The job market was stable with no significant closings or layoffs during the fiscal year.

Marine Corps Base Camp Lejeune and Marine Corps Air Station New River remain the largest single employers in the area. MCB Camp Lejeune occupies 246 square miles, with six Marine commands, two Navy commands, and one Coast Guard command, and provides formal school training for over 53,000 Marines and Sailors annually. The base generates approximately \$3 billion in commerce each year, coming from payrolls and contracts to support the infrastructure required to train and equip both U.S. and allied military forces. MCAS New River is headquarters to the V22 Osprey and provides training for Air Force pilots as well as Marine pilots who will fly the advanced vertical takeoff and landing aircraft.

The military has indicated that the troop population at MCB Camp Lejeune will increase by approximately 11,000 over the next five years, resulting in an estimated overall population increase of 20,000 for Jacksonville and the surrounding areas. In order to prepare for this unprecedented growth, a task force has been formed consisting of representatives from each county expected to be impacted by this large increase in population. It is probable that a large portion of the increased population will reside within or near Jacksonville, making it even more imperative that the City explore every option to obtain additional financial resources.

LONG-TERM FINANCIAL PLANNING

The City's Fund Balance Policy recommends that the available fund balance goal be determined as 20 percent of the next year's budget and that the undesignated fund balance goal be determined as 10 percent of the next year's budget or 42 days of expenditures. The available fund balance in the general fund (42.05 percent of the budget for FY2009) exceeds the City's policy. The unreserved, undesignated fund balance in the general fund (7.06 percent of the budget for FY2009) is less than the policy guidelines for budgetary and planning purposes, due in part to the appropriation of fund balance of \$5 million in FY2009.

Many of the City's ongoing projects deal with infrastructure needs due to the City's current and anticipated growth and changes in state regulation:

- **New Water Source and Treatment Plant** – City staff has continued the implementation of a new water supply source and the design and permitting of a new water treatment facility. The initial phases of the project include 20 Castle Hayne wells, land acquisition, transmission mains, a concentrate discharge main, and an initial 4 million gallons per day (MGD) Membrane (Nano) Filtration Water Treatment Facility upgradeable to 8 MGD. The new treatment facility will allow water withdrawal from new sources in order to reduce the City's reliance on water from the Cretaceous Aquifer, as mandated

in the 2002 Capacity Use Regulations. Eight new production wells were completed as of November 2007, and ten additional wells are currently underway with an estimated completion date of October 2009. Construction of the Nanofiltration Water Treatment Plant is also underway and should be complete by November 2009. Also underway is approximately 90,000 linear feet of transmission mains to supply water from the new wells to the Water Treatment Plant. This portion of the project is expected to be complete in November 2009.

- **Land Treatment Facility Expansion** – Bids were received in May 2008 for the project to upgrade and expand the City's Land Treatment Facility to 9 MGD from the present 6.3 MGD of treatment capacity. The expansion is mandated by the State due to the present facility having reached its 80% design capacity. The expansion will include additional treatment and storage lagoons, additional pumps at the Main and Effluent Pumping Stations, and new irrigation areas. The Notice to Proceed for construction of these improvements was issued to the contractor in August 2008. The work is scheduled to be completed by the end of 2009.
- **Inflow/Infiltration Program** –As part of the Special Order by Consent, the State mandated that the City identify and repair sources of Inflow and Infiltration (I/I) before plans to expand the City's Land Treatment Facility would be approved. Elimination of I/I was required because it represented additional flow being transmitted to the City's Land Treatment Facility that used capacity that could otherwise support growth. On August 8, 2006, City Council awarded a \$2.1 million contract for work to eliminate sources of I/I. This work was completed by the end of 2007. With completion of the project, the City has potentially decreased the amount of I/I by as much as 455,000 gallons per day.
- **Continuing and Future Recreation and Parks Projects** – Ongoing projects approved in the City's Capital Improvement Program include the development of the Brynn Marr Indoor Facility, Carolina Forest Park, Country Club Park, Richard Ray All American Park, Williamsburg Park and Indoor Complex, Brook Valley and Kerr Street tennis courts, and the Lejeune Boulevard Pedestrian Trail. Future projects include the hiring of a consultant to examine the department's level of services provided to the public.
- **City Transit System and Transit Implementation Plan** – The City was successful in securing Federal Transit Administration Section 5307 grant monies to expand the transportation system. On November 1, 2007, the new system, Jacksonville Transit, began operations. Utilizing large 18-passenger vehicles, the system operates daytime service seven days a week, along with Friday and Saturday evening express service to the area military installations. Through the use of federal and state grants, the City was able to reduce the local share of the annual operating expense by 75% and subsidize the purchase of new vehicles, passenger shelters and benches. Ridership on Jacksonville Transit has steadily increased, from 1,978 total riders in November 2007 to 3,702 total riders in June 2008.
- **New Public Safety Complex** – An Ad Hoc committee comprised of community business leaders has studied proposed areas for the new Public Safety building and narrowed potential sites to locations surrounding the current Police Department facility. The task of selecting an architect and property acquisition for the project is in progress.
- **NPDES Stormwater Permit** – In March 2007, the City was issued a National Pollutant Discharge Elimination System (NPDES) permit by the State which authorized the City to discharge stormwater from certain regulated small municipal separate storm sewer systems (MS4s) and construction activity that disturbs between one and five acres of land. The City has already implemented a number of the practices and procedures required by this permit and is working to make sure that all others are completed within the time frames given by the permit. In fact, the first annual report submitted to the

North Carolina Department of Environment and Natural Resources during April 2008 showed the City to be in compliance with the terms of its permit.

MAJOR INITIATIVES

FOR THE YEAR. In addition to day-to-day operations and ongoing major projects, the City faced some new challenges and initiated or completed several major programs:

- **Forestry Management Plan** – The City has continued to implement the Forestry Management Plan for the City's Land Treatment Site. This 10-year plan provides proper planning of timber management that encourages not only good returns on the City's investment in land and timber, but also enhances the primary purpose of the site and improves wildlife habitat, water quality and aesthetics. The land treatment system expansion has caused a suspension of timber harvesting until after completion.
- **Parkwood Area Stormwater Project** – The Parkwood Estates subdivision has a history of structure, roadway, and yard flooding. The City has hired WK Dickson to design improvements to the drainage system to address flooding problems. A large portion of the existing drainage system is located on private property where space is limited by houses, garages, driveways, fences and other structures. Improvements in these areas will be difficult from a construction perspective as well as future maintenance of the drainage system. The selected alternative includes rerouting, where possible, a large portion of the conveyance system to public right-of-way. Design is scheduled for completion in November 2008 with construction to begin upon receiving all necessary permits.
- **Habitat Protection** – The City has continued the innovative program to protect and restore habitat within the City's jurisdiction. The Wilson Bay Initiative has been lauded as a model for others to follow (winner of the Coastal Federation Best Local Government Action). For 40 years, the City had discharged its treated wastewater into the Bay. This discharge along with pollutants from other sources destroyed the aquiculture of the Bay. Now the City has launched an effort to restore habitat to Chaney Creek, the most polluted basin in the City.
- **Classification and Compensation Program** – In January 2008 the City installed a new Classification and Compensation system designed by Springsted, Inc. This involved a thorough and comprehensive review of all aspects of the City's jobs. This also provided improved internal and external equity among positions.
- **Employee Assistance Program (EAP) – REACH** Employee Assistance is continuing to make a significant impact, providing numerous workshops covering a variety of mental health related topics, assisting in team-building exercises with specific City departments, and offering ongoing assistance to our employees with a variety of issues.
- **Fire Department Accreditation** – On August 13, 2008, the Commission on Fire Accreditation International voted unanimously to approve the Jacksonville Fire Department (JFD) as an accredited agency. The accreditation is good for a period of five years, and JFD is one of only eight accredited agencies in North Carolina and 138 accredited agencies in the world.
- **Emergency Service Training Ground** – JFD has constructed a burn building for live fire training, which is substantially complete. The department is also working in conjunction with the Onslow County Fireman's Association and Coastal Carolina Community College to further expand this training facility in the future.

- **Service to the Community** – The Jacksonville Police Department (JPD) continuously reviews every police procedure with the goal of improving efficiency and quality of police services to the community, making changes where and when appropriate. Some of the changes include reprioritization of calls for service, mobile technology upgrades, community problem solving, and proactive, non-traditional police responses to calls for service.
- **National Night Out Event** – JPD continues to organize and participate in the National Night Out event each year. This year the event received a national recognition award by the National Association of Town Watches; there were only 46 communities across the U.S. to receive national recognition.
- **Award of Victims Assistance Grant** – In 2008, JPD was awarded the Victims Assistance Grant. This award will enhance the department's ability to effectively aid crime victims and will focus on adult and adolescent female victims of domestic violence, sexual assault, and stalking.
- **Weed and Seed Program** – The City of Jacksonville's Weed and Seed grant has been utilized efficiently by the JPD and Community Programs; there has been an 18% decrease in the crimes that the Weed and Seed Program has been monitoring. Weed and Seed is a federal grant administered through the Department of Justice and is designed to revitalize crime-stricken communities.
- **Police Development, Training, and Accreditation** – In 2007 four JPD instructors were selected to attend the International Association of Chiefs of Police Leadership in Police Organizations course in Athens, Georgia. Also, during August 2007 the Commission on Accreditation for Law Enforcement Agencies (CALEA) conducted an on-site reaccreditation inspection of the JPD. As a result of that inspection, JPD successfully upheld its accredited status and also received a Meritorious Accreditation Award for maintaining its accredited status for fifteen continuous years.
- **Information Technology** – The Information Technology Services (ITS) Department implemented several new software programs and hardware upgrades:
 - **Centralized UPS** – By converting the City's Uninterruptible Power Supply (UPS) system to a centralized and complete solution, ITS has ensured that the City's entire infrastructure can sustain a power outage or other interruption until supplemented by a generator.
 - **StorServer DR System** – To support the City's Disaster Recovery Plan, ITS has installed a Storserver Data Recovery (DR) system to support us in the event of a catastrophic disaster. This includes 24/7 support and an off-site appliance, which will allow the City's data to be recovered from a remote location if the backup appliance is destroyed.
 - **New GIS Public Mapping Website** – ITS updated the Public Geographic Information Systems (GIS) Mapping Website to provide easier access to the City's GIS data.
- **Recreation and Parks Programming** – The Recreation and Parks Department continues to provide all citizens opportunities for physical, mental and social enrichment of life by offering numerous programs and activities:
 - The Programming Centers Division offered four, two-week sessions of Summer Day Camp, with activities such as games, crafts, tours, swimming, bowling, and skating for children ages 6-12 and teens ages 13-15. Approximately 1,100 participants were enrolled in the camps offered from June to August 2008 at the City's various Recreation Centers.

- The Athletic Division offered several camps such as baseball, soccer, basketball, volleyball, tennis, softball, golf, cheerleading and football camps to area youth between 7-17 years of age. Approximately 350 participants were enrolled in these camps. Athletics operated youth baseball/softball leagues and adult softball leagues with over 2,000 participants. In addition, youth and adult basketball leagues were operated with 475 players participating.
 - The Seniors Division had over 530 participants enrolled in the many activities offered throughout the year. The division offered activities such as Line Dancing, Ball Room Dancing, Special Interest trips, and fitness classes.
 - The Special Events Programming Division offered five unique adventure camp programs for ages 7-15. A total of 99 children participated in the various camps, which focused on outdoor skill development, games, and visits to places of historical and educational interest. Four children were able to participate through the Campership program. The Arts & Crafts Program offered six specialty camps for ages 3-12. A total of 101 children participated in various camps, which focused on arts and crafts projects around the central theme of the camp.
- **Solid Waste Program** – The City of Jacksonville has completed the second year of curbside refuse collection which was implemented in July 2006. With time and continued familiarity with the collection system, the general public has accepted the progress this change represented. The City has established a fee schedule for excessive yard waste and for appliances and bulky waste, thereby reducing contractor-generated waste piles and appliance setouts, enabling the Sanitation Division to deliver prompt, cost-effective service to customers.
 - **Recycling Program** – During FY2008, municipal crews collected 1,427 tons of recyclable material, an increase of 303 tons over FY2007 collection. The diversion of 2,551 tons of recyclable material from the Onslow County landfill has saved the City \$107,489 in tipping fees over the last two years.
 - **Jacksonville Commons Phase II** – In July 2004, the City of Jacksonville received a grant from the Parks and Recreation Trust Fund (PARTF) for the Jacksonville Commons Phase II project. The park maintenance facility, All-American playground, outdoor basketball court, picnic shelter, and tennis courts have been completed. The lighting for the tennis courts, the Skateboard Park, and the softball fields should be completed by December 2008.

FINANCIAL INFORMATION

The financial statements and notes included in this report present the financial position and operations of governmental activities, business-type activities and fiduciary activities of the City. The accompanying Management's Discussion and Analysis provides a narrative overview of the City's financial performance for the fiscal year ended June 30, 2008. During the year, the City continued its sound current and long-range policies for financial management.

Internal Control Structure. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal and state awards, the City is also responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is evaluated periodically by management and the Finance Department staff to achieve these objectives.

As a part of the City's single audit, tests are made to determine the adequacy of internal control, including that portion related to federal and state award programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2008, provided no instances of material weakness in internal control and no material instances of noncompliance with applicable laws and regulations.

Independent Audit. General Statute 159-34 requires an annual audit by a certified public accountant. The independent certified public accounting firm of McGladrey & Pullen, LLP, was selected by the City Council to provide this service. In addition to meeting statutory requirements, the audit also complies with the Single Audit Act, the US Office of Management and Budget Circular A-133, and North Carolina General Statute 159-34 (Single Audit Implementation Act). The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report. The auditors' reports on internal controls and compliance with applicable laws and regulations are included in the Compliance Section.

Investment Management. Effective forecasting of cash requirements and aggressive investment of cash balances, including daily investment of bank balances, has allowed the maximum use of all available cash resources. The rate of return on the City's investment performance exceeds the average yield rates of 2.72 percent for US Treasury bills in 2008. For the year ended June 30, 2008, the City realized investment earnings of \$1,445,692, for an average yield of 3.86 percent.

The City's investment policy, guided by General Statute 159-30, minimizes credit and market risks while maintaining a competitive yield on its portfolio. For additional information on cash and investments, see the notes to the financial statements.

Risk Management. The primary objectives of the Risk Management Program are to:

- Identify potential exposures to loss,
- Evaluate the frequency and severity of losses,
- Reduce or eliminate risks or losses through established procedures and practices, and
- Determine the most efficient use of financial resources to satisfy losses.

For additional information on the City's risk management program, see the notes to the financial statements.

OTHER INFORMATION

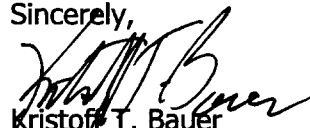
Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jacksonville for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the seventeenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department, various department heads and employees who assisted and contributed to its preparation, and our independent auditors, McGladrey & Pullen, LLP. Each of them has our sincere thanks.

In closing, without the resources and support furnished by the Mayor and City Council, preparation of this report would not have been possible.

Sincerely,


Kristoff T. Bauer
City Manager


Adah M. Roberts
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jacksonville
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

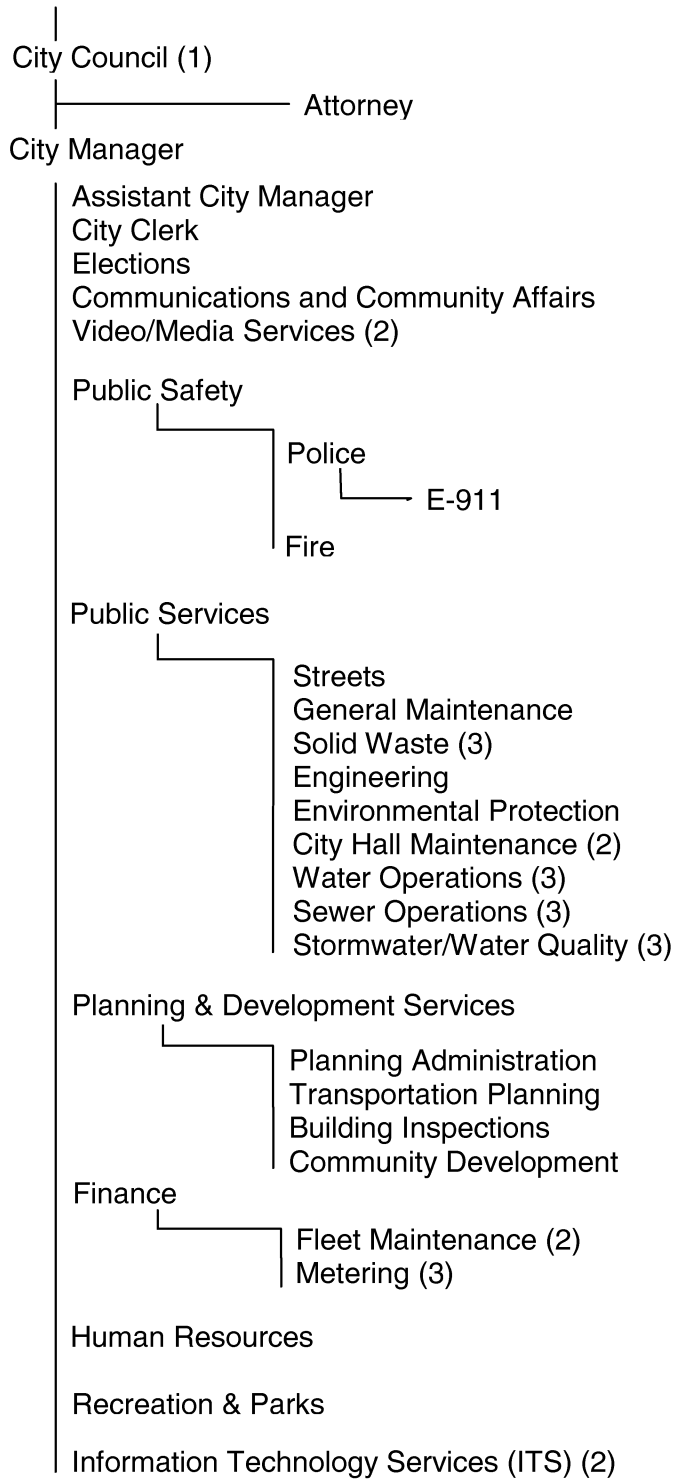
President

Jeffrey R. Emswiler

Executive Director

City of Jacksonville Organizational Chart

Citizens of Jacksonville



Legend:

- (1) Elected Officials
- (2) Internal Service Fund
- (3) Enterprise Fund

**City of Jacksonville
List of Principal Officials
June 30, 2008**

Title	Name
Mayor	Sammy Phillips
Mayor, Pro-tem	Michael Lazzara
Council Member	Fannie Coleman
Council Member	Reva Sullivan
Council Member	Randy Thomas
Council Member	Alva Williams
Council Member	Jerome Willingham
City Manager	Kristoff T. Bauer
Assistant City Manager	Ronald Massey
Attorney	John T. Carter
City Clerk	Carmen K. Miracle
Interim Finance Director	Gayle Maides
Fire Chief	Rick McIntyre
Human Resources Director	William Ratliff
Information Technology Services	Earl Bunting
Planning & Development Services	Reggie Goodson
Police Chief	Mike Yaniero
Public Services Director	Grant Sparks
Recreation Director	Michael Carter



FINANCIAL SECTION

- * Report of Independent Auditors
- * Management's Discussion and Analysis
- * Basic Financial Statements
- * Notes to the Financial Statements
- * Required Supplemental Financial Data
- * Combining and Individual Fund and Account Group - Statements and Schedules
- * Additional Financial Data



McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Jacksonville
Jacksonville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jacksonville, North Carolina, as of and for the year ended June 30, 2008, which collectively comprise City of Jacksonville's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jacksonville, North Carolina as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 13 through 21 and 59 through 60 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jacksonville's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section, as well as the Schedule of Expenditures of Federal and State Awards (in the compliance section) as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements of City of Jacksonville, North Carolina. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal and State Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section of the Comprehensive Annual Financial Report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 31, 2008

**City of Jacksonville, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Jacksonville's (City) annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

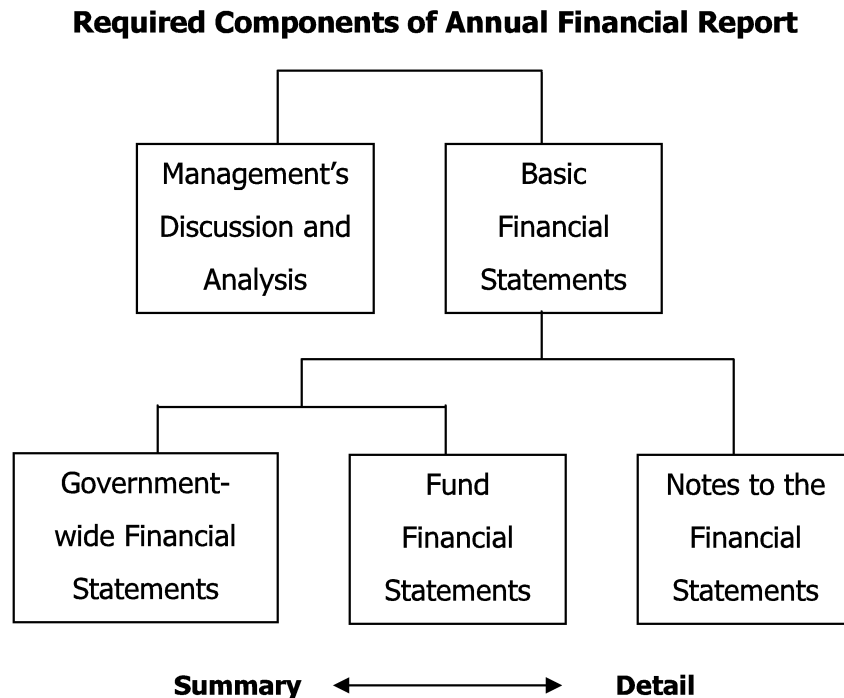
- The overall financial position of the City improved in 2008 as evidenced by an increase in total net assets of \$ 5.2 million.
- The assets of the City exceeded its liabilities at the close of the fiscal year by \$122.3 million (net assets). Of this amount, \$25.1 million (unrestricted net assets) can be used to meet the City's ongoing obligations to its citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27.2 million, a decrease of \$1.1 million in comparison with the prior year. Approximately 8.0 percent of this total amount or \$2.2 million is available for spending at the government's discretion (unreserved and undesignated fund balance).
- At the end of the current fiscal year, unreserved/undesignated fund balance for the General Fund was \$2.6 million, or 7.06 percent, of the budget for fiscal year 2009. This has fallen short of the City Council's goal of 10 percent, due to increased designations of \$2.4 million.
- The City's total long-term debt decreased by \$0.6 million (1.4%) during the current fiscal year.
- The City's sound financial condition is evidenced by the continuation of its A2 bond rating from Moody's Investors Service and A+ rating from Standard & Poor's Ratings Services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the City's financial condition.

The diagram below shows how the required components of this annual report are arranged and relate to one another.



Basic Financial Statements

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status. The remaining statements are fund financial statements that focus on the activities of the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. A budgetary comparison statement has been provided for the General Fund to demonstrate budgetary compliance.
- Proprietary funds statements offer short- and long-term financial information about the activities the City operates like businesses, such as the water and sewer system.
- The Fiduciary fund statements reflect the financial relationship with the Special Separation Allowance Pension Trust Fund, which provides benefits exclusively for City law enforcement employees.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data, and are followed by the required supplemental financial data on the Law Enforcement Officers' Special Separation Allowance. In addition to these required elements, a section is included with combining statements that provide details about non-major governmental funds, non-major proprietary funds and internal service funds, each of which are totaled and presented in a single column in the basic financial statements. This section also includes detailed budgetary information required by North Carolina General Statutes. The remainder of this overview section explains the structure and contents of the government-wide and fund financial statements.

Government-wide Financial Statements

The government-wide statements report short and long-term information about the City as a whole using accounting methods similar to those used by private-sector companies.

The statement of net assets includes all of the government's assets and liabilities except fiduciary funds. The statement of activities accounts for all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the City's net assets and how they have changed. Net assets, the difference between assets and liabilities, are one way to measure the City's financial health or position. Over time, increases or decreases in the City's net assets are one indicator of whether financial health is improving or deteriorating. Other nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads must be considered to assess the overall health of the City.

The City's government-wide financial statements are divided into two categories:

- Governmental activities - Most of the City's basic services are included here, such as public safety, community planning and development, and streets. Property taxes, other taxes, and grants and contributions finance most of these activities.
- Business-type activities - The City charges fees to customers to cover the costs of certain services provided. The City's water and sewer system, solid waste system, environmental protection, and storm water/water quality system are included here.

The government-wide financial statements are included as Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting groups that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State Statutes. Other funds are established to control and manage resources that are restricted or designated for specific purposes.

The City has three kinds of funds:

- Governmental funds - Most of the City's basic services are included in governmental funds, which focus on (1) the flow in and out of cash and other financial assets that can readily be converted to cash and (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements. Governmental funds financial statements are included as Exhibits C, D and E of this report.

The City adopts an annual budget for the General Fund, as required by State Statutes. A budgetary comparison statement is presented for the General Fund using the City's budgetary basis of accounting. This statement reflects the following: (a) the original budget, (b) the final budget as amended, (c) actual resources, and (d) the variance between the final budget and actual resources. Because the City's budgetary basis of accounting does not differ from the modified accrual basis used in the funds statements, a reconciliation is not necessary at the end of the statement.

- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has two types of proprietary funds. Enterprise funds are the same as the business-type activities (shown in the Government-wide Statements), but provide more detail and additional information, such as cash flows. Internal service funds are used to report activities that provide supplies and services for the City's other programs and activities. These internal service activities predominately benefit governmental rather than business-type activities; therefore, they have been included with governmental activities in the government-wide financial statements. Proprietary funds financial statements are included as Exhibits F, G and H of this report.
- Fiduciary fund - The City is the trustee, or fiduciary, for the Law Enforcement Officers' Special Separation Allowance Pension Trust Fund. It is responsible for ensuring that the assets reported in this fund are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. This fund is excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. Fiduciary fund financial statements are included as Exhibits I and J of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 51 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's progress in funding its obligation to provide benefits under the Law Enforcement Officers' Special Separation Allowance. Required supplementary information can be found on Exhibits K and L.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$122.3 million at the close of the most recent fiscal year. A summary of the City's net assets at June 30, 2008 and 2007 is presented below:

The City of Jacksonville's Net Assets (in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 34.97	\$ 36.98	\$ 8.83	\$ 10.80	\$ 43.80	\$ 47.78
Capital assets	45.16	43.38	87.00	80.00	132.16	123.38
Total assets	80.13	80.36	95.83	90.80	175.96	171.16
Current and other liabilities	3.91	5.47	4.03	2.28	7.94	7.75
Noncurrent liabilities	9.98	10.93	35.79	35.47	45.77	46.40
Total liabilities	13.89	16.40	39.82	37.75	53.71	54.15
Net assets:						
Invested in capital assets, net of related debt	40.05	39.25	53.96	48.25	94.01	87.50
Restricted	3.11	1.20	-	-	3.11	1.20
Unrestricted	23.08	23.52	2.05	4.80	25.13	28.32
Total net assets	\$ 66.24	\$ 63.97	\$ 56.01	\$ 53.05	\$ 122.25	\$ 117.02

Government-wide net assets increased by \$5.2 million for the fiscal year ended June 30, 2008. The largest portion (76.9%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net assets (2.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$25.1 million (20.6%) is unrestricted net assets and may be used to support operations and provide for payment of long-term debt.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Net assets of the governmental activities increased \$2.3 million, or 3.5%, to \$66.2 million. However, \$43.2 million of these net assets either are restricted as to the purposes for which they can be used or are invested in capital assets (e.g. land, buildings, machinery, and equipment buildings, roads, etc.). Unrestricted net assets of \$23.1 million decreased almost \$0.5 million from the previous year. The decrease was mainly due to the increase in capital assets, net of related debt. Invested in capital assets increased \$0.8 million and restricted net assets increased \$1.9 million.

The net assets of the business-type activities had an increase of \$3.0 million, or 2.97%, to \$56.0 million. These net assets will be used to finance the operations and expansion of the water, sewer, solid waste and storm water/water quality operations. The Unrestricted Net Assets of \$2.1 million decreased \$2.7 million from the previous year. The decrease was mainly due to the increase in Capital assets, net of related debt.

Changes in net assets. The table on the following page presents the City's changes in net assets for the fiscal years ended June 30, 2008 and 2007.

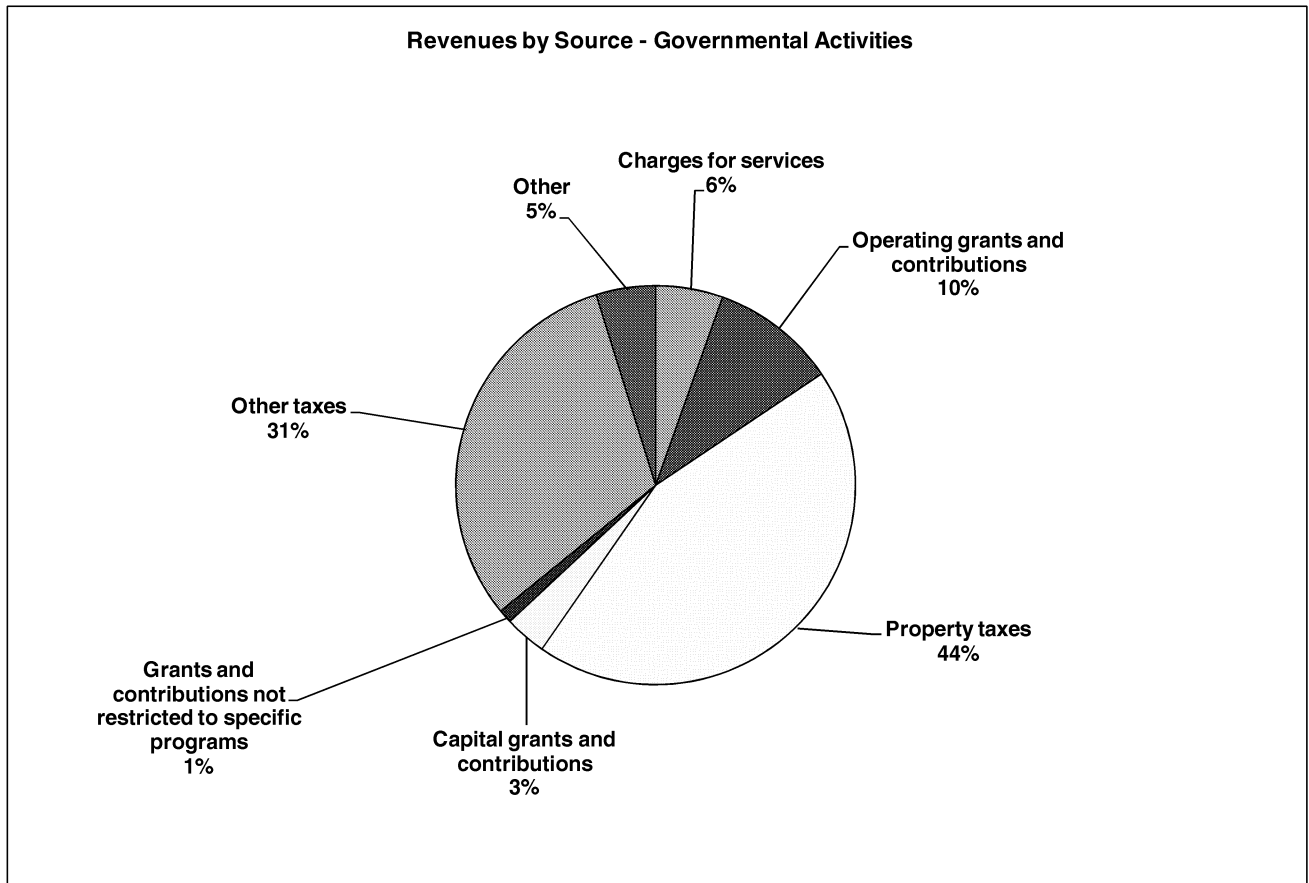
**City of Jacksonville's Changes in Net Assets
(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 2.04	\$ 1.92	\$ 20.68	\$ 17.66	\$ 22.72	\$ 19.58
Operating grants and contributions	3.82	2.76	-	-	3.82	2.76
Capital grants and contributions	1.27	1.39	-	-	1.27	1.39
General revenues:						
Property taxes	16.56	13.54	-	-	16.56	13.54
Other taxes	11.67	14.02	-	-	11.67	14.02
Grants and contributions not restricted to specific programs	0.42	2.62	-	-	0.42	2.62
Other	1.81	7.39	0.70	1.55	2.51	8.94
Total revenues	37.59	43.64	21.38	19.21	58.97	62.85
Expenses:						
General government	5.37	6.35	-	-	5.37	6.35
Public works	5.28	5.20	-	-	5.28	5.20
Public safety	16.61	14.84	-	-	16.61	14.84
Economic and physical development	0.75	0.31	-	-	0.75	0.31
Environmental protection	-	0.01	-	-	-	0.01
Culture and recreation	3.57	3.08	-	-	3.57	3.08
Interest on long-term debt	0.36	0.25	-	-	0.36	0.25
Water and sewer	-	-	15.62	13.64	15.62	13.64
Solid waste	-	-	4.64	4.26	4.64	4.26
Stormwater/Water Quality	-	-	1.54	1.29	1.54	1.29
Total expenses	31.94	30.04	21.80	19.19	53.74	49.23
Increase in net assets before transfers	5.65	13.60	(0.42)	0.02	5.23	13.62
Transfers	(3.38)	(2.75)	3.38	2.75	-	-
Change in net assets	2.27	10.85	2.96	2.77	5.23	13.62
Net assets, July 1	63.97	53.12	53.05	50.28	117.02	103.40
Net assets, June 30	\$ 66.24	\$ 63.97	\$ 56.01	\$ 53.05	\$ 122.25	\$ 117.02

Total government-wide revenues of \$59.0 million were primarily derived from charges for services (39%), property taxes (28%) and other taxes (20%). Property tax revenues increased 22.3 percent from the prior year, due to an increase in the property tax rate necessitated by a change in the method of distribution of sales tax. Other revenues decreased by \$5.6 million due to a decrease in donated infrastructure of \$5.4 million and a non-recurring bad debt recovery in FY 2007 of \$0.2 million. All other revenue categories in the aggregate virtually remained the same from the prior year.

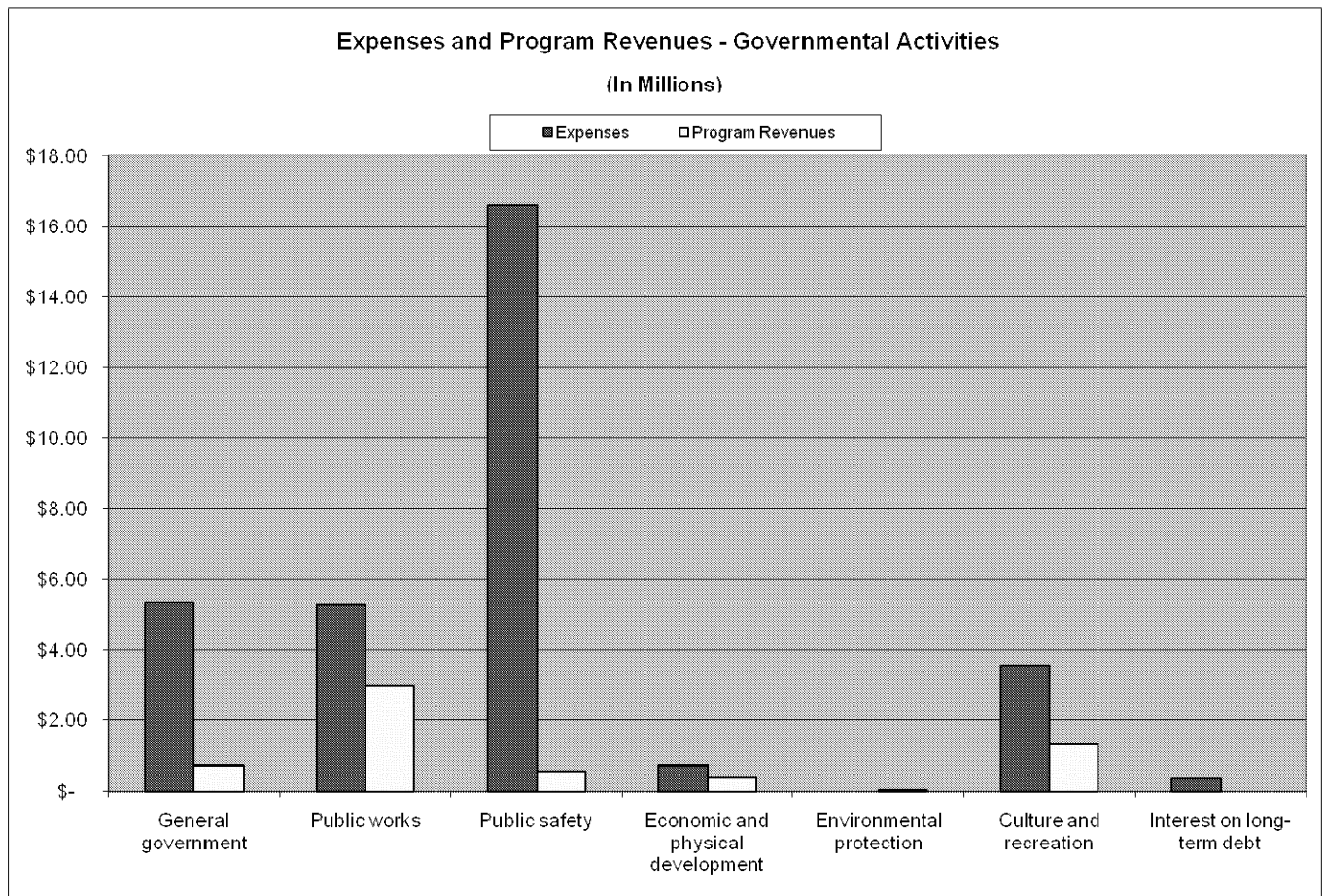
The total expenses of all programs were \$53.7 million. The expenses cover a range of services with the two largest being public safety (fire and police) and water and sewer, which account for 31 percent and 29 percent of total expenses, respectively. Both programs increased expenses over the prior year due to salary increases for Cost of Living Adjustment (COLA), market adjustments, and merit increases.

Governmental Activities



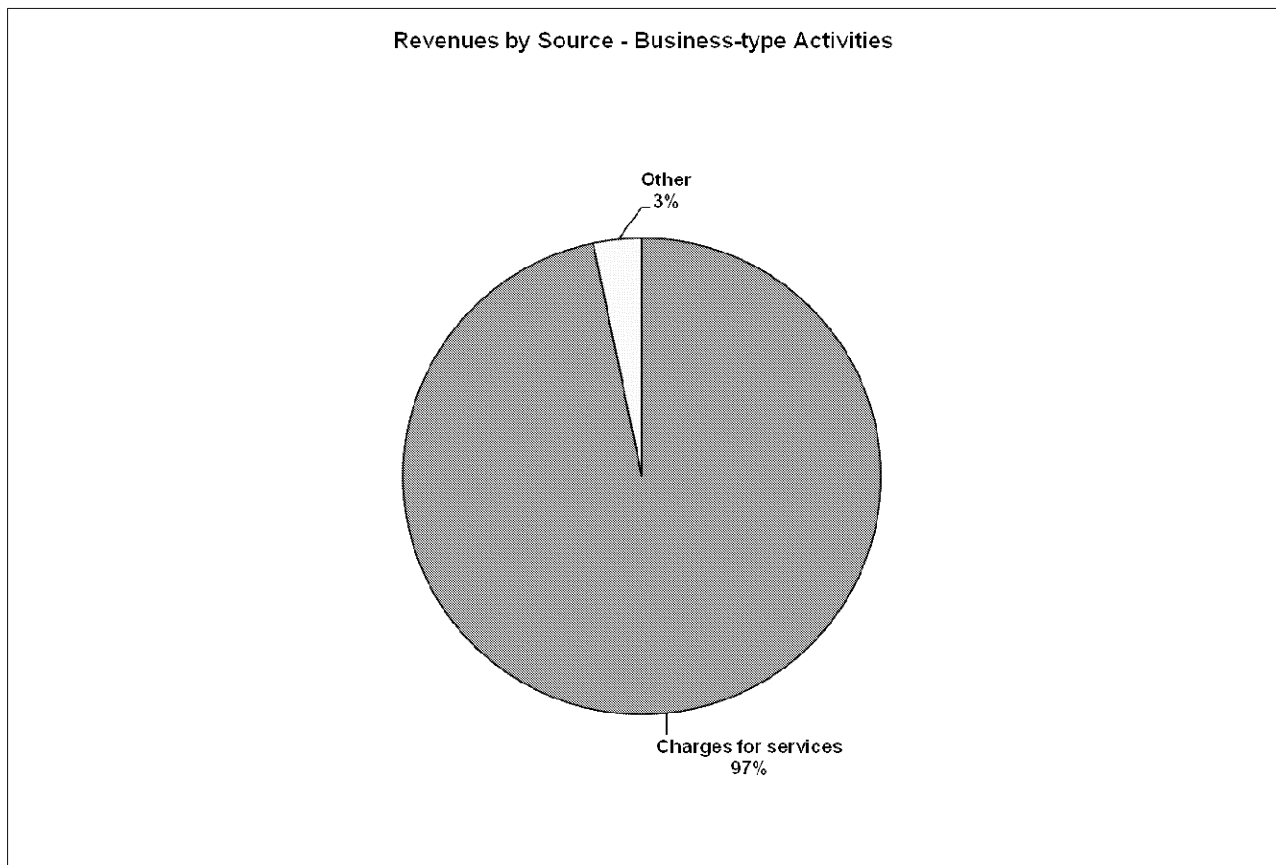
Governmental expenses of \$31.9 million cover a range of services with the largest continuing to be public safety for 52 percent in the current year. Public safety expenses increased 11.9 percent over the prior year due mainly to increases in employee compensation and benefits.

The chart below highlights the net cost (total cost less fees generated by the activities and operating grants and contributions) of the City's governmental programs mainly public safety, general government and public works. The net cost shows the financial support provided by taxes and other general revenue sources not restricted to specific programs.



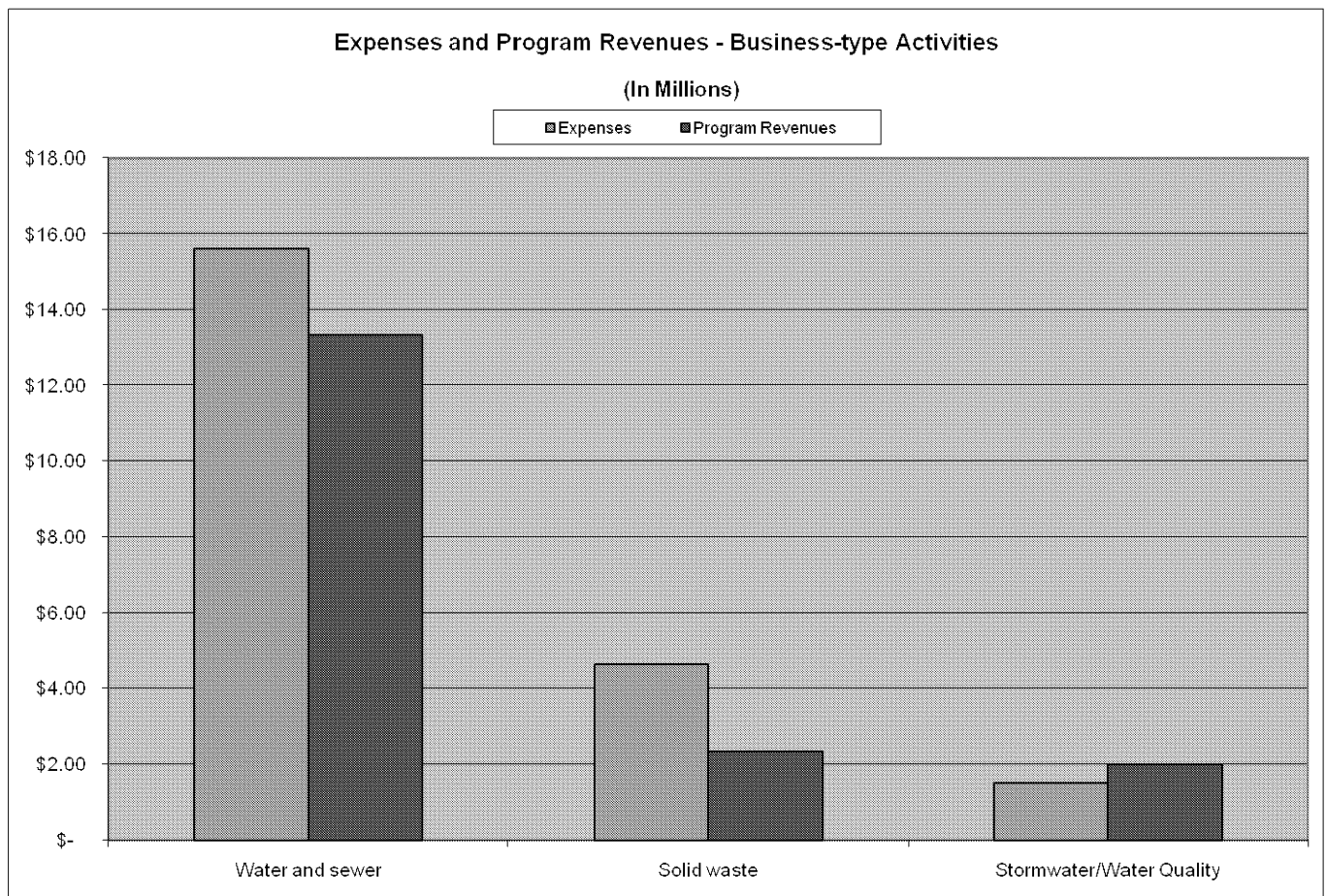
The total cost of governmental services of \$31.9 million was supported by \$2.0 million in fees, fines and charges from those who directly benefited from the programs. The increase in fees, fines and charges of 6.3 percent from the prior year related mainly to increased inspection fees. Another \$3.8 million was provided by other governments and organizations for specific programs. This increased 38.4 percent due to increases in grants for the following programs: FEMA Fire Fighters Assistance, the Powell Bill, water access, transportation enhancement, planning, and the bus system.

Business-type Activities



Revenues from the business-type activities were \$21.4 million, an increase of 11.3% from the prior year. This was primarily due to an increase of \$3.0 million (17.1%) in charges for services and resulted mainly from an increase in the user fees to fund the construction of the new water plant and the expansion of the land application site.

The chart below highlights the net cost of the City's business-type programs.



Total expenditures for Business-type Activities were \$21.8 million, up \$2.6 million from the prior year. The largest increase in expenses came from the Water and Sewer Fund with an increase of \$2.0 million (14.5%). This was mainly due to higher expenses for salaries and professional services and increased expenses for interest on long-term debt.

The Solid Waste Fund ended 2008 with an increase in net assets of \$1.0 million. The increase was primarily due to greater transfers in from the General Fund of almost \$0.5 million compared to the prior year.

The Water and Sewer Fund had an increase in net assets of \$1.4 million which was mainly due to the increased revenue from the new user rates.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2008 the governmental funds reported a combined fund balance of \$27.2 million, a decrease of \$1.1 million or 4.0 percent from last year. This amount consists of the following:

(a) \$ 4.5 million reserved or designated for major capital projects,	
Major Capital Projects	<u>\$ 4,488,205</u>
(b) \$ 8.2 million reserved or designated for specific programs,	
Non-major governmental:	
Special Revenue	\$ 1,373,692
Capital Reserve	2,139,779
Non-major Capital Projects	36,062
Grantor	1,131,903
Drug Enforcement	137,386
Powell Bill	2,532,433 (less major capital included above)
Installment purchase	705,588
Compensating balance	150,000
U.S. Agencies	1,742
Reserved inventories	16,291
Reserved for prepaids	<u>23,490</u>
	<u>\$ 8,248,366</u>
(c) \$12.3 million reserved and designated,	
State Statute General Fund	\$ 5,874,916
Designated Subsequent Year's	
Expenditure General Fund	4,966,631
Encumbrances General Fund	805,475
Encumbrances Non-Major Governmental:	
Special Revenue	<u>622,765</u>
	<u>\$ 12,269,787</u>
(d) \$2.2 million unreserved, undesignated.	
General Fund	\$ 2,547,296
Special Revenue	<u>(383,636)</u>
	<u>\$ 2,163,660</u>

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$2.6 million, while total fund balance reached \$15.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to budgeted total fund expenditures for next fiscal year 2009. Unreserved, undesignated fund balance represents 7.06 percent of fiscal year 2009 budgeted total general fund expenditures, while total fund balance represents 42.05 percent of that same amount.

The fund balance of the General Fund increased by \$0.5 million during the current fiscal year. The key factor in this growth was an increase in property tax collections and intergovernmental revenues, offsetting decreases in sales taxes.

The major capital projects fund has a total fund balance of \$4.5 million, which is reserved for future capital projects. The net decrease of \$1.6 million from the prior year is due primarily to the decrease in Other Financing Sources, which decreased by 86.7% and was partially met with a significant (50.1%) decrease in expenditures.

The non-major funds have a total fund balance of \$7.4 million, all of which is reserved for specific programs and streets-related capital projects. The net change was less than \$0.1 million, due to offsetting changes in revenues, expenditures and other financing sources.

Proprietary funds. Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the year amount to \$(0.4) million in the Water and Sewer fund, \$1.6 million in the Solid Waste fund and \$0.8 million in the non-major enterprise fund (Storm Water/Water Quality fund). The total change in net assets for the funds was \$1.5 million, \$1.0 million and \$0.4 million, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increase in appropriations that become necessary to maintain services. There was a \$0.6 million increase in appropriated expenditures between the original and final amended budget. The increase of \$0.6 million in the operating budget is from the encumbrances rolled over from the prior year. There was a corresponding increase in appropriated fund balance to cover this increase.

Transfers Out increased \$0.6 million between the original budget and final budgeted amounts as a result of increases in the Powell Bill allocation and a resulting increase in the transfer to the Street Improvement Capital Project of \$0.5 million and an increase in the transfer to the Transit

Special Revenue Project to match additional grant revenue. Transfers In increased by \$0.3 million for projects that were closed out and any remaining balance was returned to the General Fund.

General Fund revenues exceeded budget amounts by 4.2% while the City's total expenditures for the year were 7.8% less than the budget. General Fund revenues and other sources were more than expenditures and other uses by \$0.5 million contributing to an increase in fund balance. The \$1.3 million additional revenue above the final budgeted amount was mainly due to:

- Property taxes of \$16.1 million, which was \$0.5 million greater than expected.
- Utility franchise tax (unrestricted intergovernmental revenues) \$0.6 million greater than expected.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the City had \$132.2 million (net of accumulated depreciation) in capital assets consisting primarily of buildings, improvements other than buildings and infrastructure. This amount represents a net increase of \$8.8 million, or 7.1% over last year. The summary of capital assets at June 30, 2008 and 2007 is presented below:

City of Jacksonville Capital Assets (net of depreciation) (in Millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Land	\$ 1.99	\$ 1.96	\$ 0.17	\$ 0.17	\$ 2.16	\$ 2.13
Buildings	9.22	9.81	34.26	37.35	43.48	47.16
Improvements other than buildings	7.36	6.16	24.79	24.23	32.15	30.39
Equipment	1.20	1.55	1.85	2.08	3.05	3.63
Heavy equipment	0.02	0.03	0.21	0.20	0.23	0.23
Vehicles	1.95	1.90	0.93	0.55	2.88	2.45
Infrastructure	18.02	17.76	-	0.06	18.02	17.82
Construction in progress	5.40	4.21	24.79	15.36	30.19	19.57
Total	\$ 45.16	\$ 43.38	\$ 87.00	\$ 80.00	\$ 132.16	\$ 123.38

This year's major capital asset additions included:

- Donated water and sewer systems \$ 0.3 million
- Donated Streets \$ 0.7 million
- Construction in progress – Water Distribution \$ 6.0 million
- Wastewater treatment and sewage collection \$ 1.3 million
- Construction in progress – Sewer collection \$ 3.5 million
- Governmental building and infrastructure \$ 1.2 million

At June 30, 2008 authorized and unexpended capital projects totaled \$113.0 million. The City plans to issue additional debt to finance these projects in addition to using resources currently available. The authorized and unexpended capital projects are as follows:

- Governmental \$ 46.90 million
- Water and Sewer \$ 65.30 million
- Stormwater \$ 0.70 million
- Internal Service (ITS) \$.03 million

More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

Long-term Debt

At June 30, 2008, the City had \$44.0 million of debt outstanding in installment purchases and revolving loans to the State of North Carolina. This was a decrease of \$1.1 million, or 2.4 percent, over last year. Details by type of debt are presented below:

City of Jacksonville Outstanding Debt (in Millions)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Installment Purchase:	\$ 8.54	\$ 9.85	\$ 19.66	\$ 22.60	\$ 28.20	\$ 32.45
Loans	-	-	15.81	12.63	15.81	12.63
Total	\$ 8.54	\$ 9.85	\$ 35.47	\$ 35.23	\$ 44.01	\$ 45.08

New debt for 2008 resulted from installment purchases and loans for:

Water/Sewer Improvements	\$ 4,593,250
Vehicles & Equipment	
General Fund	775,282
Solid Waste	347,012
Water/Sewer	130,806
Stormwater	84,466
ITS Equipment	285,000
	<u>\$ 6,215,816</u>

As indicated in the financial highlights, the City's sound financial condition is evidenced by the continuation of its A2 bond rating from Moody's Investors Service and A+ rating from Standard & Poor's Ratings Services. This is a primary factor in keeping interest costs low on the City's outstanding debt.

North Carolina General Statutes limit the amount of general obligation debt that the City can issue to 8 percent of the total appraised value of taxable property. The legal debt margin for the City at June 30, 2008 was \$202.7 million.

More detailed information about the City's long-term obligations is presented in Note 9 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic indicators impact the City's budget outlook:

- During fiscal year 2008, 49 nonresidential and 240 residential units were constructed with a value of \$81.6 million compared to \$89.1 million for 2007.
- Retail sales during 2008 were \$.93 billion compared to \$.95 billion for 2007, a 2.1 percent decrease. The sales and use tax collections during 2008 were \$39.5 million compared to \$41.4 million in 2007, a 4.6 percent decrease.
- The June 2008 unemployment rate was 6.0 percent compared to 6.2 percent for the state and 5.7 percent for the nation.

Property tax revenues increased in 2008 as a result of the 9.44 cent increase in the tax rate and, to a lesser extent, because of continued growth. The tax rate increase was necessary when Onslow County chose to change the method of distributing sales tax within the county from per capita to ad valorem beginning in April of 2007. This change has significantly reduced the single largest revenue source in the General Fund and this reduction in revenue will continue to place pressures on the City to raise property taxes, which along with user fees are our only self-source revenues, in order to continue serving the citizens of Jacksonville at the current level.

During the current fiscal year, unreserved, undesignated fund balance in the general fund decreased to \$2.6 million. This \$2.6 million is the balance remaining after the \$5.0 million the City appropriated for spending in the 2009 fiscal year budget. \$1.0 million of the \$5.0 million appropriated will be transferred to the Capital Reserve Fund for future capital projects, and \$1.9 million to the new Police and Fire Facility.

The General Fund initial budget for 2009 increased 16.3% from \$37.8 million to \$43.9 million. The projected increase in revenues is mainly due to \$5.0 million in appropriated fund balance. The increase in sales tax revenue is mainly due to the 9.44 cent property tax rate increase enacted in FY 2008 to continue services at the current level. This increases the City's share of the sales tax under the current method (ad valorem) of distribution.

The following are highlights for the 2009 budgets for the business-type activities:

- The City has an active water conservation program to include the distribution of free water conservation kits for residents. To further this effort the City implemented incremental volumetric water and sewer rates to encourage water conservation. This translates into the average water and sewer customer (5,000 gallons per month) paying \$52.08 in 2008; however, those customers exceeding this usage will pay more depending on the level of usage.
- As mentioned previously, the City implemented a storm water user fee in 2007 to address the cost of implementing the mandated National Pollutant Discharge Elimination System (NPDES) rules. The City set an impervious area fee to fund this mandate, thereby reducing the reliance on the general fund's fund balance.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning this report or requests for additional financial information should be directed to the City of Jacksonville's Finance Department, 815 New Bridge Street, P.O. Box 128, Jacksonville, NC 28541-0128.



BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a summary overview of the financial position of the government as a whole as well as the operating results of all funds. They also serve as a condensed introduction to the more detailed statements and schedules that follow.



City of Jacksonville, North Carolina
Statement of Net Assets
June 30, 2008

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Cash and cash equivalents	\$ 19,384,102	\$ 4,779,825	\$ 24,163,927
Restricted cash and cash equivalents	7,195,949	2,144,229	9,340,178
Receivables:			
Taxes (net)	1,334,768	-	1,334,768
Accrued interest on taxes (net)	235,629	-	235,629
Accounts receivable (net)	3,846,180	2,446,310	6,292,490
Notes receivable	1,749,301	-	1,749,301
Inventories	91,551	570,812	662,363
Prepaid items	24,568	603	25,171
Internal balances	1,110,513	(1,110,513)	-
Capital assets:			
Land	1,985,324	170,725	2,156,049
Buildings and other structures	17,781,091	70,681,600	88,462,691
Improvements other than buildings	8,982,570	53,530,099	62,512,669
Equipment	9,726,692	4,516,332	14,243,024
Heavy equipment	377,283	813,267	1,190,550
Vehicles	7,397,986	3,367,870	10,765,856
Infrastructure	29,195,331	-	29,195,331
Construction in progress	5,398,467	24,793,406	30,191,873
Less accumulated depreciation	(35,683,367)	(70,873,888)	(106,557,255)
Total Assets	80,133,938	95,830,677	175,964,615
Liabilities			
Accounts payable and accrued liabilities	3,278,363	3,384,449	6,662,812
Due to Fiduciary Fund	9,140	-	9,140
Customer deposits	230,188	501,629	731,817
Unearned revenue	389,340	143,561	532,901
Noncurrent liabilities:			
Due within one year	2,034,561	4,759,025	6,793,586
Due in more than one year	7,948,886	31,028,149	38,977,035
Total Liabilities	13,890,478	39,816,813	53,707,291
Net Assets			
Invested in capital assets, net of related debt	40,051,639	53,959,462	94,011,101
Restricted:			
Public Works	2,466,827	-	2,466,827
Public Safety	645,377	-	645,377
Unrestricted	23,079,617	2,054,402	25,134,019
Total Net Assets	\$ 66,243,460	\$ 56,013,864	\$ 122,257,324

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 5,366,793	\$ 779,463	\$ 14,434	\$ -
Public works	5,284,092	741,442	2,817,515	850,385
Public safety	16,607,850	117,753	491,118	-
Economic and physical development	746,743	-	499,973	-
Cultural and recreational	3,570,991	401,834	1,317	416,550
Interest on long-term debt	361,140	-	-	-
Total governmental activities	31,937,609	2,040,492	3,824,357	1,266,935
Business-type Activities:				
Water and sewer	15,624,868	16,090,217	-	342,275
Solid waste	4,639,604	2,574,942	-	-
Stormwater/Water Quality	1,535,692	2,017,348	-	-
Total business-type activities	21,800,164	20,682,507	-	342,275
Total primary government	\$ 53,737,773	\$ 22,722,999	\$ 3,824,357	\$ 1,609,210

General revenues:

Taxes:

 Property taxes, levied for general purpose

Other taxes:

 Sales tax

 E-911 surcharge

 Utility Franchise tax

 Gross receipts tax on short term vehicle leases

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Transfers

 Total general revenues and transfers

 Change in net assets

Net assets-beginning

Net assets-ending

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (4,572,896)	\$ -	\$ (4,572,896)
(874,750)	-	(874,750)
(15,998,979)	-	(15,998,979)
(246,770)	-	(246,770)
(2,751,290)	-	(2,751,290)
(361,140)	-	(361,140)
(24,805,825)	-	(24,805,825)
-	807,624	807,624
-	(2,064,662)	(2,064,662)
-	481,656	481,656
-	(775,382)	(775,382)
(24,805,825)	(775,382)	(25,581,207)
16,556,839	-	16,556,839
8,507,654	-	8,507,654
423,724	-	423,724
2,623,543	-	2,623,543
114,395	-	114,395
420,995	-	420,995
1,139,000	293,797	1,432,797
672,649	66,595	739,244
(3,380,970)	3,380,970	-
27,077,829	3,741,362	30,819,191
2,272,004	2,965,980	5,237,984
63,971,456	53,047,884	117,019,340
\$ 66,243,460	\$ 56,013,864	\$ 122,257,324

City of Jacksonville, North Carolina
Balance Sheet - Governmental Funds
June 30, 2008

	Major			
	General	Capital Projects	Total Non-Major Funds	Total
Assets				
Cash and cash equivalents	\$ 10,106,531	\$ 4,284,487	\$ 3,149,879	\$ 17,540,897
Restricted cash and cash equivalents	1,255,168	2,729,797	3,046,920	7,031,885
Taxes receivable (net)	1,334,768	-	-	1,334,768
Accounts receivable (net)	3,407,646	112,188	281,167	3,801,001
Interfund receivable	2,555,983	-	-	2,555,983
Inventories	16,291	-	-	16,291
Prepaid items	23,490	-	-	23,490
Notes receivable	-	-	1,749,301	1,749,301
Total assets	\$ 18,699,877	\$ 7,126,472	\$ 8,227,267	\$ 34,053,616
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,236,005	\$ 1,209,976	\$ 730,256	\$ 3,176,237
Due to other funds	9,140	-	-	9,140
Interfund payable	157,178	1,428,291	67,939	1,653,408
Compensated absences payable	-	-	-	-
Customer deposits	230,188	-	-	230,188
Deferred revenues	1,423,479	-	1,806	1,425,285
Unearned revenues	389,340	-	-	389,340
Total liabilities	3,445,330	2,638,267	800,001	6,883,598
Fund balances:				
Reserved by state statute	5,874,916	-	-	5,874,916
Reserved by grantor	-	-	1,131,903	1,131,903
Reserved for compensating balance	150,000	-	-	150,000
Reserved for encumbrances	805,475	572,016	622,765	2,000,256
Reserved for inventories	16,291	-	-	16,291
Reserved for installment purchase	705,588	-	-	705,588
Reserved for Powell Bill	160,255	3,491	2,372,178	2,535,924
Reserved for prepaid items	23,490	-	-	23,490
Reserved for drug enforcement	4,593	-	132,793	137,386
Reserved for US agencies	12	-	1,730	1,742
Unreserved:				
Designated for subsequent year's expenditures:				
General Fund	4,966,631	-	-	4,966,631
Special Revenue	-	-	1,373,692	1,373,692
Capital Projects	-	3,912,698	36,062	3,948,760
Capital Reserve	-	-	2,139,779	2,139,779
Unreserved, undesignated reported in:				
General Fund	2,547,296	-	-	2,547,296
Special Revenue	-	-	(383,636)	(383,636)
Total fund balances	15,254,547	4,488,205	7,427,266	27,170,018
Total liabilities and fund balances	\$ 18,699,877	\$ 7,126,472	\$ 8,227,267	\$ 34,053,616

The accompanying notes are an integral part of the financial statements.

Continued on next page.

City of Jacksonville, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2008

Total fund balances for governmental funds	\$ 27,170,018
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	45,161,377
Adjustment for assets attributable to internal service funds	(459,210)
Other long-term assets are not available to pay for current-period expenditures and therefore are:	
Deferred Revenue	1,425,285
Accrued interest on Property Taxes - Statement of Net Assets	235,629
Internal service funds are used to charge the costs of Technology, Janitorial and Fleet Maintenance costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	2,288,024
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(9,983,447)
Adjustment for internal service funds installment purchases and compensated absences	405,784
Total net assets of governmental activities	<u><u>\$ 66,243,460</u></u>

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	Major		Total	
	General	Capital Projects	Non-Major Funds	Total
Revenues:				
Ad valorem taxes	\$ 16,375,725	\$ -	\$ -	\$ 16,375,725
Other taxes and licenses	9,304,136	-	-	9,304,136
Unrestricted intergovernmental revenues	3,041,423	-	-	3,041,423
Restricted intergovernmental revenues	2,482,526	448,684	1,816,068	4,747,278
Permits and fees	814,318	-	-	814,318
Sales and services	516,940	-	-	516,940
Investment earnings	804,763	160,061	227,984	1,192,808
Miscellaneous	165,253	13,676	430,019	608,948
Total revenues	<u>33,505,084</u>	<u>622,421</u>	<u>2,474,071</u>	<u>36,601,576</u>
Expenditures:				
Current:				
General government	4,354,806	201,823	610,603	5,167,232
Public works	4,207,782	-	561,312	4,769,094
Public safety	14,792,589	96,101	716,903	15,605,593
Cultural and recreational	2,719,977	2,805,129	-	5,525,106
Economic and physical development	-	-	742,766	742,766
Capital outlay	730,759	-	177,751	908,510
Non Capitalized Expenditures	-	28,475	-	28,475
Debt service:				
Principal retirement	1,998,485	-	68,037	2,066,522
Interest and fees	349,721	-	11,419	361,140
Total expenditures	<u>29,154,119</u>	<u>3,131,528</u>	<u>2,888,791</u>	<u>35,174,438</u>
Revenues over (under) expenditures	<u>4,350,965</u>	<u>(2,509,107)</u>	<u>(414,720)</u>	<u>1,427,138</u>
Other financing sources (uses):				
Debt issued	775,282	-	-	775,282
Sales of capital assets	39,133	-	-	39,133
Transfers in	1,589,685	1,076,786	2,359,579	5,026,050
Transfers (out)	<u>(6,279,036)</u>	<u>(120,991)</u>	<u>(2,006,993)</u>	<u>(8,407,020)</u>
Total other financing sources (uses)	<u>(3,874,936)</u>	<u>955,795</u>	<u>352,586</u>	<u>(2,566,555)</u>
Net change in fund balances	476,029	(1,553,312)	(62,134)	(1,139,417)
Fund balances:				
Beginning of year, July 1	<u>14,778,518</u>	<u>6,041,517</u>	<u>7,489,400</u>	<u>28,309,435</u>
End of year, June 30	<u>\$ 15,254,547</u>	<u>\$ 4,488,205</u>	<u>\$ 7,427,266</u>	<u>\$ 27,170,018</u>

The accompanying notes are an integral part of the financial statements.

Continued on next page.

City of Jacksonville, North Carolina
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Net change in fund balances - total governmental funds \$ (1,139,417)

The changes in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Increase in purchased Capital Assets net of decrease in construction in progress	5,764,241
Adjustment for increases attributable to Internal Service Funds	(273,479)
Less Assets transferred from Business-type Activities	(32,405)
Depreciation Expense	(3,895,292)
Adjustment for expense attributable to Internal Service Funds	347,039

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets:

Gain(Loss) on the Sale of Capital Assets	107,489
Proceeds from the Sale of Capital Assets	(39,133)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Increase in Beer & Wine Tax	3,115
Increase in Deferred Property Tax revenue	142,112
Increase in Accrued Interest on Taxes	39,002
(Decrease) in Investment Interest	(53,808)

The issuance of long-term liabilities (e.g., installment purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets in the government-wide statements. This amount is the net effect of these differences in the treatment of long-term liabilities:

Additions to Long-Term Liabilities	(2,313,495)
Adjustment for additions attributable to Internal Service Funds	312,985
Retirements of Long-Term Liabilities	3,263,488
Adjustment for retirements attributable to Internal Service Funds	(382,334)

Internal service funds are used to charge the costs of technology, janitorial, and fleet maintenance costs to individual funds. The net revenue of certain activities of the internal service funds are reported with the governmental activities

421,896

Changes in net assets of governmental activities	\$ 2,272,004
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The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
General Fund Annually Budgeted Major Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	Budget - Original	Budget - Final	Actual	Variance Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 15,810,747	\$ 15,810,747	\$ 16,375,725	\$ 564,978
Other taxes and licenses	9,584,838	9,279,127	9,304,136	25,009
Unrestricted intergovernmental revenues	2,078,960	2,442,634	3,041,423	598,789
Restricted intergovernmental revenues	2,273,902	2,568,907	2,482,526	(86,381)
Permits and fees	769,585	769,585	814,318	44,733
Sales and services	591,034	567,434	516,940	(50,494)
Investment earnings	545,000	545,000	804,763	259,763
Miscellaneous	117,970	173,344	165,253	(8,091)
Total revenues	<u>31,772,036</u>	<u>32,156,778</u>	<u>33,505,084</u>	<u>1,348,306</u>
Expenditures:				
Current:				
General government	5,652,390	5,348,463	4,374,447	974,016
Public works	4,674,014	4,767,583	4,245,448	522,135
Public safety	15,262,601	15,978,657	15,450,274	528,383
Cultural and recreational	2,928,461	3,047,939	2,735,744	312,195
Debt service:				
Principal retirement	2,052,628	2,052,628	1,998,485	54,143
Interest and fees	441,195	433,127	349,721	83,406
Total expenditures	<u>31,011,289</u>	<u>31,628,397</u>	<u>29,154,119</u>	<u>2,474,278</u>
Revenues over expenditures	<u>760,747</u>	<u>528,381</u>	<u>4,350,965</u>	<u>3,822,584</u>
Other financing sources (uses):				
Debt issued	775,282	775,282	775,282	-
Appropriated fund balance	2,570,328	3,106,218	-	(3,106,218)
Sales of general capital assets	220,000	220,000	39,133	(180,867)
Transfers in	1,341,525	1,649,155	1,589,685	(59,470)
Transfers (out)	(5,667,882)	(6,279,036)	(6,279,036)	-
Total other financing sources (uses)	<u>(760,747)</u>	<u>(528,381)</u>	<u>(3,874,936)</u>	<u>(3,346,555)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>476,029</u>	<u>\$ 476,029</u>
Fund balances:				
Beginning of year, July 1			<u>14,778,518</u>	
End of year, June 30			<u>\$ 15,254,547</u>	

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Proprietary Funds
Statement of Net Assets
June 30, 2008

	Enterprise Funds				
	Water and Sewer Fund	Solid Waste Funds	Non-Major Enterprise Funds	Total	Internal Service Funds
Assets					
Current Assets:					
Cash and cash equivalents	\$ 1,896,845	\$ 2,098,944	\$ 784,036	\$ 4,779,825	\$ 1,843,205
Accounts receivable (net)	2,137,485	185,987	122,838	2,446,310	45,179
Inventories	570,812	-	-	570,812	75,260
Interfund receivables	1,691	1,117	483	3,291	289,521
Prepaid Items	603	-	-	603	1,078
Total Current Assets	4,607,436	2,286,048	907,357	7,800,841	2,254,243
Noncurrent Assets:					
Restricted cash and cash equivalents	1,693,030	352,361	98,838	2,144,229	164,064
Land and other non-depreciable assets	24,964,131	-	-	24,964,131	-
Other capital assets, net of depreciation	60,765,735	528,015	741,530	62,035,280	459,210
Total Noncurrent Assets	87,422,896	880,376	840,368	89,143,640	623,274
Total Assets	92,030,332	3,166,424	1,747,725	96,944,481	2,877,517
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	3,140,085	205,588	38,776	3,384,449	102,126
Compensated absences payable - current	11,842	387	2,165	14,394	-
Interfund payable	1,018,673	70,590	24,541	1,113,804	81,583
Installment purchases payable - current	2,974,989	306,949	70,872	3,352,810	179,069
Loans payable - current	1,391,821	-	-	1,391,821	-
Total Current Liabilities	8,537,410	583,514	136,354	9,257,278	362,778
Noncurrent Liabilities:					
Compensated absences payable - noncurrent	183,745	73,351	37,594	294,690	104,038
Unearned revenue	143,561	-	-	143,561	-
Customer deposits	501,629	-	-	501,629	-
Installment purchases payable - noncurrent	15,510,246	593,420	201,977	16,305,643	122,677
Loans payable - noncurrent	14,427,816	-	-	14,427,816	-
Total Noncurrent Liabilities	30,766,997	666,771	239,571	31,673,339	226,715
Total Liabilities	39,304,407	1,250,285	375,925	40,930,617	589,493
Net Assets					
Invested in capital assets, net of related debt	53,118,024	273,918	567,520	53,959,462	321,528
Unrestricted	(392,099)	1,642,221	804,280	2,054,402	1,966,496
Total Net Assets	\$ 52,725,925	\$ 1,916,139	\$ 1,371,800	\$ 56,013,864	\$ 2,288,024

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2008

	Enterprise Funds				
	Water and Sewer Fund	Solid Waste Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Operating revenues:					
Charges for services	\$ 16,090,217	\$ 2,574,942	\$ 2,017,348	\$ 20,682,507	\$ 4,654,011
Miscellaneous	-	-	-	-	94,560
Total operating revenues	16,090,217	2,574,942	2,017,348	20,682,507	4,748,571
Operating expenses:					
Solid Waste Fund	-	4,465,073	-	4,465,073	-
Water Quality	-	-	1,423,292	1,423,292	-
Water/Sewer Operations	5,511,454	-	-	5,511,454	-
Water Supply	576,853	-	-	576,853	-
Wastewater Treatment	1,658,177	-	-	1,658,177	-
Non-capitalized expenses - projects	34,901	-	-	34,901	-
Fleet Maintenance Operations	-	-	-	-	1,746,243
City Hall Maintenance Operations	-	-	-	-	214,727
Information Technology Services	-	-	-	-	1,787,230
Video/Media Services	-	-	-	-	202,855
Depreciation	5,682,734	137,907	101,059	5,921,700	347,039
Total operating expenses	13,464,119	4,602,980	1,524,351	19,591,450	4,298,094
Operating income (loss)	2,626,098	(2,028,038)	492,997	1,091,057	450,477
Nonoperating revenues (expenses):					
Investment earnings	206,548	52,785	34,464	293,797	47,206
Assessments collected	20	-	-	20	-
Interest collected on assessments	2	-	-	2	-
Gain on sale of capital assets	38,400	26,737	-	65,137	(61,376)
Internal Transfer of Assets	1,436	-	-	1,436	-
Interest on long-term debt	(2,160,749)	(36,624)	(11,341)	(2,208,714)	(14,411)
Total nonoperating revenues (expenses)	(1,914,343)	42,898	23,123	(1,848,322)	(28,581)
Income (loss) before capital contributions and transfers	711,755	(1,985,140)	516,120	(757,265)	421,896
Capital contributions:					
Developer contributions	342,275	-	-	342,275	-
Total capital contributions	342,275	-	-	342,275	-
Income (loss) before transfers	1,054,030	(1,985,140)	516,120	(414,990)	421,896
Transfers:					
Transfers in	426,921	3,029,134	-	3,456,055	-
Transfers (out)	-	-	(75,085)	(75,085)	-
Total transfers	426,921	3,029,134	(75,085)	3,380,970	-
Change in Net Assets	1,480,951	1,043,994	441,035	2,965,980	421,896
Net Assets:					
Beginning of year, July 1	51,244,974	872,145	930,765	53,047,884	1,866,128
End of year, June 30	\$ 52,725,925	\$ 1,916,139	\$ 1,371,800	\$ 56,013,864	\$ 2,288,024

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2008

	Enterprise Funds				
	Water and Sewer Fund	Solid Waste Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 15,507,941	\$ 2,541,652	\$ 2,003,384	\$ 20,052,977	\$ -
Cash receipts from interfund services provided (used)	-	-	-	-	4,710,841
Cash payments for interfund services provided (used)	-	-	-	-	(3,950,734)
Cash paid for goods and services	(1,608,635)	(3,027,337)	(408,432)	(5,044,404)	-
Cash paid to employees	(4,058,797)	(1,452,332)	(975,688)	(6,486,817)	-
Customer deposits	89,820	-	-	89,820	-
Net cash provided (used) by operating activities	9,930,329	(1,938,017)	619,264	8,611,576	760,107
Cash flows from noncapital financing activities:					
Transfers in	426,921	3,029,134	-	3,456,055	-
Transfers (out)	-	-	(75,085)	(75,085)	-
Advances from other funds	985,421	42,438	297,594	1,325,453	52,731
Advances (to) other funds	43,669	-	(275,105)	(231,436)	(32,070)
Net cash provided (used) by noncapital related financing activities	1,456,011	3,071,572	(52,596)	4,474,987	20,661
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(4,497,004)	(340,378)	(67,176)	(4,904,558)	(306,604)
Interest paid on long-term debt	(2,160,749)	(36,624)	(11,341)	(2,208,714)	(14,411)
Debt issued	4,724,056	347,012	84,466	5,155,534	285,000
Purchase of capital assets	(11,583,041)	(420,518)	(569,816)	(12,573,375)	(218,377)
Proceeds from sale of capital assets	38,400	26,737	-	65,137	11,421
Assessments collected	20	-	-	20	-
Interest collected on assessments	2	-	-	2	-
Net cash (used) by capital and related financing activities	(13,478,316)	(423,771)	(563,867)	(14,465,954)	(242,971)
Cash flows from investing activities:					
Interest earned on investment	206,548	52,785	34,464	293,797	47,206
Net cash provided by investing activities	206,548	52,785	34,464	293,797	47,206
Net increase (decrease) in cash and cash equivalents	(1,885,428)	762,569	37,265	(1,085,594)	585,003
Cash and cash equivalents, July 1	5,475,303	1,688,736	845,609	8,009,648	1,422,266
Cash and cash equivalents, June 30	\$ 3,589,875	\$ 2,451,305	\$ 882,874	\$ 6,924,054	\$ 2,007,269

	Enterprise Funds	Internal Service Funds
Reconciliation to Exhibit F—		
Cash and cash equivalents	\$ 4,779,825	\$ 1,843,205
Restricted cash and cash equivalents	2,144,229	164,064
	<u>\$ 6,924,054</u>	<u>\$ 2,007,269</u>

Continued on next page.

City of Jacksonville, North Carolina
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2008

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Non-Major Enterprise Funds		
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating income (loss)	\$ 2,626,098	\$ (2,028,038)	\$ 492,997	\$ 1,091,057	\$ 450,477
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	5,682,734	137,907	101,059	5,921,700	347,039
Bad debt expense	49,449	2,809	14,219	66,477	-
Change in assets and liabilities:					
Increase (decrease) in accrued compensated absences	47,664	(1,917)	6,327	52,074	24,356
(Increase) decrease in prepaid expenses	(603)	-	-	(603)	2,078
Increase (decrease) in accounts payable	1,671,882	(15,488)	18,626	1,675,020	(2,637)
(Increase) decrease in accounts receivable	(578,915)	(33,290)	(13,964)	(626,169)	(44,325)
(Increase) decrease in inventories	345,561	-	-	345,561	(16,881)
Increase (decrease) in deferred revenues	(3,361)	-	-	(3,361)	-
Increase (decrease) in customer deposits	89,820	-	-	89,820	-
Total adjustments	7,304,231	90,021	126,267	7,520,519	309,630
Net cash provided (used) by operating activities	<u>\$ 9,930,329</u>	<u>\$ (1,938,017)</u>	<u>\$ 619,264</u>	<u>\$ 8,611,576</u>	<u>\$ 760,107</u>
Noncash investing, capital, and financing activities:					
Capital contributed by developers	<u>\$ 342,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 342,275</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Fund
 June 30, 2008

	Special Separation Allowance Pension Trust
Assets	
Cash	\$ 154,948
Investments at face value -	
Commercial paper	200,000
Interfund receivable	9,140
Total Assets	364,088
Liabilities	
Accounts payable	4,639
Total Liabilities	4,639
Net Assets	
Assets held in trust for pension benefits	359,449
Total Net Assets	\$ 359,449

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2008

	Special Separation Allowance Pension Trust Fund
Additions:	
Employer contributions	\$ 159,140
Interest	12,895
Total additions	<u>172,035</u>
Deductions:	
Benefits	<u>197,115</u>
Total deductions	<u>197,115</u>
Net decrease	(25,080)
Net assets reserved for employees' pension benefit:	
Beginning of year	<u>384,529</u>
End of year	<u><u>\$ 359,449</u></u>

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 1. Summary of Significant Accounting Policies

The financial statements of City of Jacksonville have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Jacksonville is a municipal corporation governed by an elected Mayor and a six-member Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

B. Basis of Presentation

Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the proprietary functions and various other functions of the government. Governmental activities, which normally are supported by taxes, intergovernmental revenue and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly classified as program revenues are reported as general revenues.

Separate Fund Financial Statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the Fund Financial Statements.

All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in

which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements and summarized below by fund types: governmental, proprietary, and fiduciary.

Governmental Funds are used to account for the City's general governmental activities. The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for public safety, parks and recreation, streets and highways, and general government services.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or fiduciary funds). The City has 26 Capital Projects within the Major Capital Projects Fund: Rails to Trails, City Hall Expansion, Sturgeon City, Sturgeon City Park, Police Remodeling, NC24 Culvert Trail, Marine Corps Museum, Wilson Bay Initiative, Downtown Redevelopment, Vietnam Veterans Memorial, Youth Center, Fire Training Facility, Traffic Signal Preemption, Demolition, Country Club Park, Richard Ray All America Park, Civic Facility, Jacksonville Commons Phase II, Sturgeon City Boardwalk II, Reserve Ladder Truck Replacement, West Gum Branch Fire Station, Indoor Facility Brynn Marr, Police/Fire Facility, Youth Center Phase II, Carolina Forest Park, and FEMA Firefighters Assistance.

Proprietary Funds include the following major funds:

Water and Sewer Fund - The Water and Sewer Fund accounts for the water and sewer activities of the City. The Water Capital Projects Fund, the Sewer Capital Projects Fund and the Water/Sewer Capital Reserve Fund are consolidated with the Water and Sewer Fund (the operating fund) for financial reporting purposes.

Solid Waste Fund - The Solid Waste Fund accounts for the solid waste collection activities of the City.

Additionally, the government reports the following fund types:

Internal Service Funds - The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost-reimbursement basis. The City of Jacksonville has four Internal Service Funds: the Fleet Maintenance Fund, the City Hall Maintenance Fund, the Information Technology Services Fund, and the Video/Media Services Fund. The Information Technology Services Capital Project Fund is consolidated with the Information Technology Services Fund for financial reporting purposes. The Internal Service Funds are accounted for in the governmental activities in the government-wide financial statements and individual fund data is provided in the Internal Service Funds Section of the report.

Fiduciary Funds account for the assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary Funds include the following fund:

Pension Trust Fund - Fiduciary fund types are custodial in nature and do not involve measurement of the City's operations. The City has a Pension Trust Fund, the Special Separation Allowance Fund, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund Financial Statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Property taxes are recognized as revenues in the year for which they are levied.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, except property taxes for which a 60-day criteria is used. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Compensated absences and principal and interest on long-term debt are recorded as fund liabilities: 1) when due, and 2) for payments made early in the following year. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issues are reported as other financing sources. Depreciation of capital assets is not recognized as an expenditure.

The City generally considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property tax receivable is not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Onslow County is responsible for billing and collecting the property taxes on all

registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Jacksonville. For those motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered in Onslow County from March 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred revenues.

Those revenues susceptible to accrual are sales taxes collected and held by the State at year-end on behalf of the City, sales and services and investment earnings. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Other intergovernmental revenues are not susceptible to accrual because generally they are not measurable and available until received in cash.

Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs in accordance with grant guidelines which vary by funding source.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations and Pension Trust Fund.

The City reports deferred revenue on its balance sheet for governmental funds. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. Budgetary Data

The City's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund and operating Enterprise Funds. All annual appropriations lapse at fiscal year-end. Grant project ordinances are adopted for the Non-Major Governmental Funds and project ordinances are adopted for the Capital Reserve Fund and Major Capital Project Funds. The City's Internal Service Funds operate under a Council-adopted financial plan and not a budget ordinance. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting method used to record transactions.

Expenditures may not legally exceed appropriations at the functional level for the General Fund, Non-Major Governmental Funds, Enterprise Funds, and at the fund level for the Capital Reserve Fund and Capital Project Funds. A function is a group of related activities aimed at accomplishing a major service, such as public safety. The balances in the Capital Reserve Capital Project Fund will be appropriated and transferred to another Capital Project Fund in accordance with the project ordinance adopted for the reserve fund. The City Manager is authorized by the budget ordinance to transfer appropriations up to \$5,000; however, any revisions that exceed \$5,000 at the functional level of the General Fund, Non-Major Governmental Fund, Enterprise Funds and the fund level for

the Capital Project Funds or revisions that alter total expenditures of any fund must be approved by the City Council. During the year, several amendments to the original budget became necessary, the effects of which were not material.

A budget calendar is included in State law that prescribes the last day on which certain steps of the budget procedures are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- April 30 Each department head will transmit to the budget officer the departmental budget requests and revenue estimates for the budget year.
- June 1 The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.
- July 1 The budget ordinance shall be adopted by the governing board.

As required by State law, the City's Internal Service Funds operate under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved. The financial plan also was entered into the minutes of the governing board.

E. Deposits and Investments

All deposits of the City are made in council-designated official depositories and are secured as required by G.S. 159-31. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust, an SEC registered (2a-7) money market mutual fund, which complies with municipal investment laws.

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NCCMT cash portfolio's securities are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

F. Cash and Cash Equivalents

The City pools moneys from several funds, except the Pension Trust Fund, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

G. Restricted Assets

The unexpended Powell Bill and E-911 revenue are classified as restricted assets in governmental funds because the use is completely restricted by State law. Also, State and Federal Drug Enforcement assets are recorded as restricted assets since their use is restricted by law.

The unexpended debt proceeds in any fund are classified as restricted assets because their use is completely restricted to the purpose for which the notes were originally issued.

Also included in restricted assets are a Certificate of Deposit held, as a compensating balance, by our primary banking institution and sureties held for developers who have not completed infrastructure improvements in subdivisions that are under construction.

The detail of these balances is as follows:

Governmental Activities:

Powell Bill	\$ 2,556,778
E-911 Revenue	521,095
Drug Enforcement Assets	137,386
Unexpended Debt Proceeds	3,595,958
Compensating Balance	150,000
Customer Deposits	230,188
Other	4,544
	<u>\$ 7,195,949</u>

Business-Type Activities:

Unexpended Debt Proceeds	<u>\$ 2,144,229</u>
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H. Ad Valorem Taxes Receivable and Unearned/Deferred Revenues

In accordance with State law [G.S. 105-347 and 159-13(a)], the City levies ad valorem taxes, except for ad valorem taxes on certain vehicles, on July 1, the beginning of the fiscal year. These taxes are due on September 1, the lien date; however, no interest or penalties are assessed until the following January 6. The current year's tax levy is based on the assessed values as of January 1, 2007.

Privilege licenses collected prior to the fiscal year to which they apply are recorded as unearned revenues.

I. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

J. Inventory

The inventories of the City's General Fund are valued at cost, using the average cost method. The inventory of the General Fund consists of fuel held for consumption. The cost is recorded as an expenditure when the inventory is consumed. The General Fund inventory reported on the Governmental Funds Balance Sheet is offset by a fund balance reserve that indicates it does not constitute a resource available for appropriation even though it is a component of net current assets.

The inventory of the Enterprise Funds and Internal Service Funds are valued at the lower of cost, using the first-in, first-out method, or market. The inventory consists of materials and supplies held for consumption. The cost is recorded as an expense when the inventory is consumed.

K. Capital Assets

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-wide Financial Statements and in the proprietary fund types in the Fund Financial Statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (\$100,000 for infrastructure) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized.

Costs associated with construction in progress are recorded in their respective capital asset category upon approval by the City Council, which approximates the completion date.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of an asset. The estimated useful lives of depreciable assets are as follows:

Buildings and Other Structures	10 to 40 years
Improvements Other Than	
Buildings	10 to 40 years
Equipment	3 to 10 years
Heavy Equipment	5 to 10 years
Vehicles	2 to 10 years
Infrastructure	10 to 40 years

L. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (short-term interfund loans) or "advances to/from other funds" (long-term interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-wide Financial Statements as "internal balances."

Advances between funds, as reported in the Fund Financial Statements, are offset by a fund balance reserve account in the applicable governmental fund to indicate that they are not available for appropriation and are not expendable available financial resources.

M. Other Resources

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "Transfers (out)" in the General Fund and "Transfers in" in the receiving fund in the Fund Financial Statements.

N. Long-Term Obligations

In the Government-wide Financial Statements and proprietary fund types in the Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums, discounts and issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the Fund Financial Statements, governmental fund types recognize bond premiums, discounts, and issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Compensated Absences

The vacation policy of the City provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The City has assumed a first-in, first-out method of using accumulated compensated time. Compensatory time was eliminated as of January 1, 2008; however, employees will continue to use compensatory time accumulated prior to that date until such leave is exhausted. Because any remaining compensatory time is paid out upon separation, it is treated in the same manner as vacation leave, with an expense and a liability recorded for the portion of the time that is estimated to be used in the next fiscal year.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is taken, no accrual for sick leave has been made.

P. Net Assets/Fund Balances

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through state statute.

In the Governmental Fund Financial Statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The Governmental Funds classify fund balances as follows:

Reserved

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for prepaids and inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of the receivable balances that are not offset by deferred revenues.

Reserved by grantor - portion of total fund balance reserved to pay for grant eligible activities.

Reserved for compensating balance - portion of fund balance not available for appropriation because it is part of an agreement for banking services in lieu of fees.

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders and contracts that remained unperformed at year-end.

Reserved for inventories - portion of fund balance not available for appropriation because it represents the year-end balance of ending inventories, which are not expendable available resources.

Reserved for installment purchase - portion of fund balance available for appropriation that has been reserved for installment purchases not completed at year-end.

Reserved for Powell Bill - portion of total fund balance reserved to pay for street improvements.

Reserved for prepaid items - portion of total fund balance that indicates that prepaid items do not represent expendable available financial resources even though they are a component of net current assets.

Reserved for drug enforcement - portion of total fund balance available for appropriation that has been reserved for drug enforcement.

Reserved for US agencies - portion of fund balance not available for appropriation because it represents the difference between market value and the carrying amount at year-end, for agencies that will be held to maturity.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2008-2009 budget ordinance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

Note 2. Deposits and Investments

Deposits

All the City's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the City's agents in the City's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agents in the City's name. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly collateralized.

At June 30, 2008, the City's deposits had a carrying amount of \$7,316,931, which includes a \$150,000 compensating balance, and a bank balance of \$7,717,940. Of the bank balance, \$400,000 was covered by federal depository insurance, and \$7,317,940 in interest-bearing deposits was covered by collateral held under the Pooling Method (State Treasurer).

Investments

At June 30, 2008, the City had the following investments and maturities.

Investment Type	Carrying	Fair Value	6-12 Months	1-3 Years
	Value			
US Government Agencies	\$ 3,809,879	\$ 3,808,137	\$ -	\$ 3,808,137
Commercial Paper	4,481,282	4,480,428	4,480,428	-
NC Capital Management Trust- Cash Portfolio	18,243,593	18,243,593	N/A	N/A
Total	\$ 26,534,754	\$26,532,158	\$ 4,480,428	\$ 3,808,137

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the maturities of investments in Treasuries, Agencies and Instrumentalities not to exceed five years from settlement date. All other investments will have final maturities of no more than three years, except for specific reserves or projects approved by City Council.

Credit Risk. The City's investment policy follows State law (North Carolina General Statutes 159-30) for allowable investment types. The commercial paper bears the highest rating of at least one nationally recognized rating service, and does not bear a rating below the highest by any nationally

recognized rating service which rates the particular obligation. The City's commercial paper carries a credit rating of A1 & P1 by Standard and Poor's. The City's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2008. The investments in Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and the Government National Mortgage Association are rated AAA by Standard and Poor's.

Concentration of Credit Risk. The City's investment policy limits that, with the exception of US Treasuries and the NC Capital Management Trust, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution. This year at June 30, the City's investments, other than the North Carolina Capital Management Trust which is 68.7%, are made up of 16.9% commercial paper and 14.4% US agencies.

Note 3. Receivables

Receivables are presented net of allowance for uncollectibles in the accompanying financial statements. The receivables and applicable allowances for uncollectibles are as follows:

<u>Activities</u>	<u>Gross Receivables</u>	<u>Allowance</u>	<u>Net Receivables</u>
Governmental			
General			
Taxes receivable	\$ 1,617,241	\$ 282,473	\$ 1,334,768
Accrued interest on taxes	471,258	235,629	235,629
Accounts receivable	4,193,411	785,765	3,407,646
Major Capital Projects	112,188	-	112,188
Special Revenue	281,167	-	281,167
Internal Service Fund	45,179	-	45,179
Total Governmental Activities	<u>6,720,444</u>	<u>1,303,867</u>	<u>5,416,577</u>
Business-Type			
Water/Sewer	2,446,108	308,623	2,137,485
Solid Waste	209,158	23,172	185,987
Non-Major	148,904	26,066	122,838
Total Business-Type Activities	<u>2,804,170</u>	<u>357,861</u>	<u>2,446,310</u>
	<u>\$ 9,524,614</u>	<u>\$ 1,661,728</u>	<u>\$ 7,862,887</u>

The allowance for doubtful accounts in the General Fund accounts receivable arises from the probable uncollectibility of a claim against a former employee. In May 2007, the City received payment of \$96,559 from the Execution Sale of property that the former employee was discovered to own in Gaston County; however, the probability of recovering any further funds is remote.

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

Primary Government

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,955,124	\$ 30,200	\$ -	\$ 1,985,324
Construction in progress	4,214,483	1,299,651	(115,667)	5,398,467
Total capital assets not being depreciated	6,169,607	1,329,851	(115,667)	7,383,791
Capital assets being depreciated:				
Buildings	17,657,526	123,565	-	17,781,091
Improvements other than buildings	7,370,233	1,612,337	-	8,982,570
Equipment	9,245,568	528,259	(47,135)	9,726,692
Heavy equipment	579,844	5,897	(208,458)	377,283
Vehicles	6,956,656	758,844	(317,514)	7,397,986
Infrastructure	27,674,176	1,521,155	-	29,195,331
Total capital assets being depreciated	69,484,003	4,550,057	(573,107)	73,460,953
Less accumulated depreciation for:				
Buildings	(7,846,541)	(718,858)	-	(8,565,399)
Improvements other than buildings	(1,205,811)	(416,893)	-	(1,622,704)
Equipment	(7,696,414)	(856,522)	26,709	(8,526,227)
Heavy equipment	(545,157)	(15,728)	208,459	(352,426)
Vehicles	(5,060,950)	(636,616)	245,990	(5,451,576)
Infrastructure	(9,914,361)	(1,250,674)	-	(11,165,035)
Total accumulated depreciation	(32,269,234)	<u>\$(3,895,291)</u>	<u>\$ 481,158</u>	<u>(35,683,367)</u>
Total capital assets being depreciated, net	37,214,769			37,777,586
Governmental activity capital assets, net	<u>\$ 43,384,376</u>			<u>\$ 45,161,377</u>

Reconciliation of Governmental Activities Increases:

Total capital assets not being depreciated	\$ 1,329,851
Total capital assets being depreciated	4,550,057
	<u>\$ 5,879,908</u>
General Fund	\$ 730,759
Non-Major Governmental	177,750
Major Capital	3,915,854
Transfers from Water Sewer Fund	12,455
Transfers from Solid Waste Fund	19,950
Internal Service	273,479
Donated infrastructure	749,661
	<u>\$ 5,879,908</u>

Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water/Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 170,725	\$ -	\$ -	\$ 170,725
Construction in progress	15,356,751	9,436,655	-	24,793,406
Total capital assets not being depreciated	15,527,476	9,436,655	-	24,964,131
Capital assets being depreciated:				
Buildings	70,562,252	78,365	-	70,640,617
Improvements other than buildings	51,291,587	1,825,165	-	53,116,752
Equipment	3,943,132	488,288	-	4,431,420
Heavy equipment	557,962	162,433	(59,731)	660,664
Vehicles	836,174	74,937	(12,455)	898,656
Total capital assets being depreciated	127,191,107	2,629,188	(72,186)	129,748,109
Less accumulated depreciation for:				
Buildings	(33,214,338)	(3,172,500)	-	(36,386,838)
Improvements other than buildings	(27,102,495)	(1,623,828)	-	(28,726,323)
Equipment	(1,894,996)	(733,602)	-	(2,628,598)
Heavy equipment	(429,383)	(54,227)	(22,702)	(506,312)
Vehicles	(591,526)	(98,577)	(44,200)	(734,303)
Total accumulated depreciation	(63,232,738)	\$ (5,682,734)	\$ (66,902)	(68,982,374)
Total capital assets being depreciated, net	63,958,369			60,765,735
Business-type activities capital assets, net	\$ 79,485,845			\$ 85,729,866

Reconciliation of Business-Type Activities Increases:

Total capital assets not being depreciated	\$ 9,436,655
Total capital assets being depreciated	2,629,188
	<u>\$ 12,065,843</u>
Water and Sewer Fund	\$ 195,175
Water Capital Projects	6,598,539
Sewer Capital Projects	4,789,329
Transfers from General Fund	140,525
Donated Infrastructure	342,275
	<u>\$ 12,065,843</u>

Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Solid Waste Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings	40,983	-	-	40,983
Improvements other than buildings	-	-	-	-
Equipment	20,432	-	(19,950)	482
Heavy equipment	-	-	-	-
Vehicles	1,483,965	420,518	(189,784)	1,714,699
Total capital assets being depreciated	1,545,380	420,518	(209,734)	1,756,164
Less accumulated depreciation for:				
Buildings	(35,860)	(2,048)	-	(37,908)
Improvements other than buildings	-	-	-	-
Equipment	(20,432)	-	19,950	(482)
Heavy equipment	-	-	-	-
Vehicles	(1,243,683)	(135,859)	189,783	(1,189,759)
Total accumulated depreciation	(1,299,975)	\$ (137,907)	\$ 209,733	(1,228,149)
Total capital assets being depreciated, net	245,405			528,015
Business-type activities capital assets, net	\$ 245,405			\$ 528,015

Reconciliation of Business-Type Activities Increases:

Total capital assets not being depreciated	\$ -
Total capital assets being depreciated	420,518
	<u>\$ 420,518</u>
Solid Waste Fund	\$ 420,518
	<u>\$ 420,518</u>

Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Stormwater/Water Quality Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings	-	-	-	-
Improvements other than buildings	105,272	308,075	-	413,347
Equipment	57,140	27,290	-	84,430
Heavy equipment	74,906	77,697	-	152,603
Vehicles	509,924	244,591	-	754,515
Total capital assets being depreciated	747,242	657,653	-	1,404,895
Less accumulated depreciation for:				
Buildings	-	-	-	-
Improvements other than buildings	(2,873)	(12,965)	-	(15,838)
Equipment	(20,927)	(14,978)	-	(35,905)
Heavy equipment	(7,490)	(15,571)	(71,800)	(94,861)
Vehicles	(443,180)	(57,545)	(16,036)	(516,761)
Total accumulated depreciation	(474,470)	\$ (101,059)	\$ (87,836)	(663,365)
Total capital assets being depreciated, net	272,772			741,530
Business-type activities capital assets, net	\$ 272,772			\$ 741,530

Reconciliation of Business-Type Activities Increases:

Total capital assets not being depreciated	\$ -
Total capital assets being depreciated	657,653
	<u>\$ 657,653</u>
Stormwater/Water Quality Fund	\$ 261,741
Stormwater Capital Projects	308,075
Transfers from General Fund	87,837
	<u>\$ 657,653</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 408,427
Public Works	1,332,819
Public Safety	985,177
Cultural and Recreational	813,636
Economic Development	8,193
Internal Service Funds	347,039
Total depreciation expense - governmental activities	<u>\$ 3,895,291</u>
Business-type activities:	
Water and Sewer Fund	\$ 5,682,734
Solid Waste Fund	137,907
Non-Major Enterprise Funds	101,059
Total depreciation expense - business-type activities	<u>\$ 5,921,700</u>

Construction Commitments

As of June 30, 2008, the City has active construction projects. The City's commitments with contractors at June 30, 2008, are as follows:

Project	Spent to Date	Remaining Commitment
Water and Sewer Improvements	\$ 8,421,933	\$ 17,381,616
Recreation Facilities	18,632	26,311
Street/Stormwater Improvements	4,486	22,679
Youth Center	20,398	5,214
Total	<u>\$ 8,465,449</u>	<u>\$ 17,435,820</u>

Note 5. Pension Plan Obligations

A. Local Governmental Employees' Retirement System

Plan Description. City of Jacksonville contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or on the Internet at www.ncosc.net.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.72%, respectively, of annual covered payroll. The contribution requirements of members and of the City of Jacksonville are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$889,795, \$815,979, and \$766,042, respectively. The contributions made by the City equaled the required contributions for each year.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description.

City of Jacksonville administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the City's report as a pension trust fund and no stand-alone financial report is issued.

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2007, the Separation Allowance's membership consisted of:

Retirees receiving benefits	16
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>111</u>
Total	<u>127</u>

Summary of Significant Accounting Policies:

Basis of Accounting. Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the City has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan. The administrative costs are financed by the General Fund.

Method Used to Value Investments. Investments are reported at fair value.

Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed \$159,140, or 3.1% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly.

The annual required contribution for the current year was determined as part of the December 31, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 7.25% investment rate of return, and (b) projected salary increases ranging from 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2006 was 24 years.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 151,262
Interest on net pension obligation	565
Adjustment to annual required contribution	7,313
Annual pension cost	159,140
Contributions made	(159,140)
Decrease in net pension obligation	-
Net pension obligation beginning of year	-
Net pension obligation end of year	\$ -

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$ 147,999	100%	\$ -
6/30/07	\$ 131,840	100%	\$ -
6/30/08	\$ 159,140	100%	\$ -

As of December 31, 2006, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,342,688. The covered payroll (annual payroll of active employees covered by the plan) was \$4,491,542, and the ratio of the UAAL to the covered payroll was 29.89 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the

City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or on the Internet at www.ncosc.net.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent (5%) of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2008, were \$337,965, which consisted of \$238,888 from the City and \$99,077 from the law enforcement officers.

D. Supplemental Retirement Income Plan for Non-Law Enforcement Employees

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan services provided by Prudential, administered by the Department of State Treasurer. The Plan provides retirement benefits to all full-time and qualified part-time employees of the City. Authority to establish and amend benefit provisions is assigned to the City Council.

Funding Policy. The adopted plan requires the City to contribute each pay period an amount equal to two percent (2%) of each non-law enforcement employee's salary. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. All covered employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2008 were \$398,071, which consisted of \$137,308 from the City and \$260,763 from the employees.

E. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Jacksonville, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or on the Internet at www.ncosc.net.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

F. Other Post-Employment Benefits

The City provides post-employment health care benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 10 years of creditable service with the City. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. Retirees pay 100% of the health insurance premium set by the City. The benefits cease when the retiree reaches age 65.

The Governmental Accounting Standards Board issued Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," which will take effect for the City in fiscal year 2009 and which requires governmental entities to disclose the cost of other post-employment benefits. Even though retirees pay 100% of their health insurance premium, GASB still defines this as a post-employment benefit ("implicit rate subsidy") because retirees pay the same insurance premium as active employees, rather than a higher age-adjusted premium. The City had an actuarial study done in fiscal year 2006 to determine the potential liability to be incurred. Based on this assessment, the City will face an annual required contribution of approximately \$600,000 to fund the plan as it currently exists. Funding is not required, but is recorded as an unfunded liability on the Balance Sheet if not funded.

Currently, 19 of the eligible retirees and 18 of the eligible dependents have elected post-retirement health care benefits. For the calendar year ended December 31, 2007, the total claims for post retirements was \$728,122 of which \$618,429 was paid by the City and \$119,693 was paid by retirees. The benefits are not funded.

Note 6. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multi-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but no less than \$25,000 and no more than \$50,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2008, the City made contributions to the State for death benefits of \$20,528. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

The City also provides additional death benefit through a Group Term Life Insurance program, which is provided on a non-contributory basis to all members of the retirement system after 90 days of employment. The benefit pays the designated beneficiary an amount equal time and a half to the employee's annual salary, but the benefit may not exceed \$75,000. Under the IRS regulations,

the value of employer-paid Group Term Life Insurance coverage in excess of \$50,000 is considered taxable to the employee as a fringe benefit.

Note 7. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a participant in (e.g., transfers risk to) two insurance pools administered by the North Carolina League of Municipalities. One pool (IRFFNC) provides coverage for property damage and general liability (including auto and law enforcement officers). Major policies and their limits of coverage include: public officials (\$3 million) and law enforcement liability (\$3 million), vehicle liability (\$2 million), public employee scheduled and blanket bonds (\$400,000), boiler and machinery (\$5 million), general liability (\$2 million), municipal equipment (\$2.1 million), computer equipment (\$2.8 million), and property (\$69.8 million). The other pool (NCRIMA) provides workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$2,000,000 for general liability and property damage, and single occurrence losses of \$1,000,000 for workers' compensation.

The City has established a risk management program to account for and finance its uninsured risks of loss for health insurance. Under this program, the risk management program provides coverage up to a maximum of \$100,000 for each individual claim.

The City purchases commercial insurance for individual claims in excess of \$100,000 and aggregate claims in excess of the greater of (a) the minimum annual aggregate deductible or (b) 90% of the first monthly aggregate deductible amount multiplied by twelve (12). Settled claims have not exceeded this commercial coverage in any of the last three fiscal years.

The City participates in the program and makes payments to the risk management program based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. Amounts withheld from employees and the City's general funds are available to pay claims, claim reserves and administrative costs for the program.

The claims liability of \$383,097 reported in the General Fund at June 30, 2008, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Changes in the reported liability since July 1, 1998 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
1998-1999	69,151	1,043,337	1,079,565	32,923
1999-2000	32,923	1,277,966	1,107,989	202,900
2000-2001	202,900	1,461,322	1,435,202	229,020
2001-2002	229,020	1,381,641	1,547,044	63,617
2002-2003	63,617	1,402,910	1,281,596	184,931
2003-2004	184,931	1,868,524	1,861,108	192,347
2004-2005	192,347	2,229,998	2,243,300	179,045
2005-2006	179,045	2,528,402	2,451,812	255,635
2006-2007	255,635	3,267,020	3,264,923	257,732
2007-2008	257,732	3,445,020	3,319,655	383,097

The City carries commercial insurance for all other risks of loss. Settled claims resulting from their risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

The City carries flood insurance through the National Flood Insurance Plan (NFIP). Because some areas of the City are in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, which includes the property adjacent to Fire Station 2, the City is eligible for and has purchased coverage totalling \$581,000 through the NFIP.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are bonded for \$250,000 and \$50,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

Note 8. Claims and Judgments

At June 30, 2008, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

Note 9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

As of June 30, 2008, the City had a legal debt margin of \$202,676,343.

A. Installment Purchases

The City finances various property acquisitions under installment purchase agreements. Under these agreements, the assets acquired collateralize the debt. The financing contracts require principal payments with interest rates ranging from 2.10% to 5.34%.

The installment purchase contracts payable at June 30, 2008, are comprised of the following individual contracts:

Serviced by the General Fund:

	<u>Principal Balance June 30, 2008</u>
\$1,254,792 installment agreement – for 800 MHz communication equipment with Bank of America dated December 8, 2000; remaining balance payable in 42 monthly payments of \$13,520 including interest at 5.34%.	\$ 378,882
\$914,743 installment agreement – for the refinancing of the multi-purpose community recreation center with Bank of America dated December 28, 2001; remaining balance payable in 21 monthly payments of principal of \$9,240 plus interest at 4.41%.	194,036
\$1,065,493 installment agreement – for the refinancing of a fire station with Bank of America dated December 28, 2001; remaining balance payable in 9 monthly payments of \$12,247 principal plus interest at 4.41%.	110,224
\$5,000,000 installment agreement – for City Hall Expansion with Bank of America dated December 9, 2002; remaining balance payable in 113 equal principal payments of \$27,778 not including interest at 3.95%.	3,138,889
\$636,350 installment agreement – for vehicles and equipment with Wachovia dated December 2, 2003; remaining balance payable in 4 monthly payments of \$9,927 including interest at 2.48%.	39,503
\$146,808 installment agreement – for improvements for the youth center with RBC Centura dated August 12, 2004; remaining balance payable in 13 equal principal payments of \$2,447 not including interest at 3.15%.	31,808
\$330,400 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 15 monthly payments of \$5,956 including interest at 2.58%.	87,820
\$313,171 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 27 monthly payments of \$5,755 including interest at 3.40%.	149,392
\$452,201 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 4 monthly payments of \$13,186 including interest at 3.36%.	52,375
\$700,000 installment agreement – for vehicles and equipment with RBC Centura dated June 20, 2006; remaining balance payable in 34 monthly payments of \$12,979 including interest at 3.78%.	417,846
\$265,142 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 43 monthly payments of \$4,922 including interest at 3.832%.	197,464

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Serviced by the General Fund (continued):

	<u>Principal Balance June 30, 2008</u>
\$754,632 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 20 monthly payments of \$22,174 including interest at 3.898%.	\$ 428,699
\$2,606,307 installment agreement – for park improvements with Citimortgage dated June 15, 2007; remaining balance payable in 167 monthly payments of \$19,150 including interest at 3.95%.	2,457,210
\$78,728 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 48 monthly payments of \$1,467 including interest at 4.0%.	64,981
\$696,554 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 25 monthly payments of \$20,479 including interest at 3.94%.	490,759
Total	<u>\$ 8,239,888</u>

The future minimum payments of the installment purchases payable as of June 30, 2008, including \$1,461,609 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,785,913	\$ 294,047	\$ 2,079,960
2010	1,430,926	235,972	1,666,898
2011	797,749	182,338	980,087
2012	536,732	157,135	693,867
2013	491,602	136,829	628,431
2014-2018	2,364,338	387,854	2,752,192
2019-2023	832,628	67,434	900,062
Total	<u>\$ 8,239,888</u>	<u>\$ 1,461,609</u>	<u>\$ 9,701,497</u>

Serviced by the Water and Sewer Fund:

	<u>Principal Balance June 30, 2008</u>
\$5,823,000 installment agreement – for construction of sewer lines with Bank of America dated December 8, 2000, and amended December 28, 2001; remaining balance payable in 102 monthly payments of \$6,787 including interest at 4.6%.	\$ 572,182
\$5,461,956 installment agreement – for refinancing of the waste water treatment facilities with Bank of America dated December 28, 2001; remaining balance payable in 35 monthly payments of \$59,196 including interest at 4.50%.	1,938,191

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Serviced by the Water and Sewer Fund (continued):

	Principal Balance June 30, 2008
\$4,290,806 installment agreement – for the Public Services/Fleet Complex with Bank of America dated August 12, 2003; remaining balance payable in 122 monthly payments of \$23,838 not including interest at 3.235%.	\$ 2,908,206
\$683,500 installment agreement – for vehicles and equipment with Wachovia dated December 2, 2003; remaining balance payable in 4 monthly payments of \$12,292 including interest at 2.48%.	48,915
\$1,660,132 installment agreement – for an elevated water storage tank with RBC Centura dated May 14, 2004; remaining balance payable in 130 monthly payments of \$9,223 not including interest at 3.27%.	1,198,984
\$864,690 installment agreement – for water and sewer line replacements with RBC Centura dated August 12, 2004; remaining balance payable in 73 equal principal payments of \$7,206 not including interest at 3.44%.	526,020
\$174,599 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 15 monthly payments of \$3,147 including interest at 2.58%.	46,408
\$698,408 installment agreement – for automated meter reading and pump monitoring equipment with RBC Centura dated June 8, 2005; remaining balance payable in 23 monthly payments of \$12,736 including interest at 3.07%.	272,110
\$875,776 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 27 monthly payments of \$16,094 including interest at 3.40%.	417,770
\$33,525 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 4 monthly payments of \$978 including interest at 3.36%.	3,883
\$2,950,600 installment agreement – for vehicles and equipment with Wachovia dated December 19, 2005; remaining balance payable in 89 monthly payments of \$29,187 including interest at 3.57%.	2,279,254
\$1,600,000 installment agreement – for vehicles and equipment with RBC Centura dated June 20, 2006; remaining balance payable in 34 monthly payments of \$29,666 including interest at 3.78%.	955,077
\$7,700,000 installment agreement – for vehicles and equipment with Wachovia dated October 20, 2006; remaining balance payable in 99 monthly payments of \$29,187 including interest at 3.57%.	6,533,695

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Serviced by the Water and Sewer Fund (continued):

	<u>Principal Balance June 30, 2008</u>
\$121,166 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 43 monthly payments of \$2,249 including interest at 3.832%.	\$ 90,238
\$40,200 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 20 monthly payments of \$1,181 including interest at 3.898%.	22,837
\$598,743 installment agreement – for park improvements with Citimortgage dated June 15, 2007; remaining balance payable in 167 monthly payments of \$4,399 including interest at 3.95%.	564,491
\$122,606 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 48 monthly payments of \$2,285 including interest at 4.0%.	101,197
\$8,200 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 25 monthly payments of \$241 including interest at 3.94%.	5,777
Total	<u><u>\$ 18,485,235</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2008, including \$2,716,208 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 2,974,989	\$ 635,270	\$ 3,610,259
2010	2,959,860	522,950	3,482,810
2011	2,641,847	412,832	3,054,679
2012	1,699,577	331,836	2,031,413
2013	1,702,507	269,730	1,972,237
2014-2018	6,175,086	488,455	6,663,541
2019-2023	331,369	55,135	386,504
Total	<u><u>\$ 18,485,235</u></u>	<u><u>\$ 2,716,208</u></u>	<u><u>\$ 21,201,443</u></u>

Serviced by the Solid Waste Fund:

	<u>Principal Balance June 30, 2008</u>
\$187,540 installment agreement – for equipment with Wachovia dated December 2, 2003; remaining balance payable in 4 monthly payments of \$4,890 including interest at 2.48%.	\$ 19,458
\$760,006 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 27 monthly payments of \$13,967 including interest at 3.40%.	362,545
\$308,012 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 43 monthly payments of \$5,718 including interest at 3.832%.	229,391
\$4,500 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 20 monthly payments of \$132 including interest at 3.898%.	2,556
\$347,012 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 48 monthly payments of \$6,467 including interest at 4.0%.	286,419
Total	<u>\$ 900,369</u>

The future minimum payments of the installment purchases payable as of June 30, 2008, including \$55,222 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 306,949	\$ 28,016	\$ 334,965
2010	297,585	17,292	314,877
2011	180,367	7,752	188,119
2013	115,468	2,162	117,630
Total	<u>\$ 900,369</u>	<u>\$ 55,222</u>	<u>\$ 955,591</u>

Serviced by the Fleet Maintenance Fund:

	<u>Principal Balance June 30, 2008</u>
\$7,850 installment agreement – for equipment with Wachovia dated December 2, 2003; remaining balance payable in 4 monthly payments of \$141 including interest at 2.48%.	\$ 562
\$45,000 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 15 monthly payments of \$812 including interest at 2.58%.	11,961

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Serviced by the Fleet Maintenance Fund (continued):

	<u>Principal Balance June 30, 2008</u>
\$17,800 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 27 monthly payments of \$327 including interest at 3.40%.	\$ 8,491
Total	<u>\$ 21,014</u>

The future minimum payments of the installment purchases payable as of June 30, 2008, including \$550 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 13,794	\$ 431	\$ 14,225
2010	6,244	114	6,358
2011	976	5	981
Total	<u>\$ 21,014</u>	<u>\$ 550</u>	<u>\$ 21,564</u>

Serviced by the Information Technology Services Fund:

	<u>Principal Balance June 30, 2008</u>
\$220,000 installment agreement – for equipment with Wachovia dated December 2, 2003; remaining balance payable in 4 monthly payments of \$3,956 including interest at 2.48%.	\$ 15,744
\$363,900 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 4 monthly payments of \$10,611 including interest at 3.36%.	42,148
\$285,000 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 25 monthly payments of \$8,379 including interest at 3.94%.	200,797
Total	<u>\$ 258,689</u>

The future minimum payments of the installment purchases payable as of June 30, 2008, including \$9,060 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 152,222	\$ 6,597	\$ 158,819
2010	98,115	2,436	100,551
2011	8,352	27	8,379
Total	<u>\$ 258,689</u>	<u>\$ 9,060</u>	<u>\$ 267,749</u>

Serviced by the Video/Media Services Fund:

	<u>Principal Balance June 30, 2008</u>
\$38,800 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 20 monthly payments of \$1,140 including interest at 3.898%.	\$ 22,042
Total	<u>\$ 22,042</u>

The future minimum payments of the installment purchases payable as of June 30, 2008, including \$760 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 13,053	\$ 628	\$ 13,681
2010	8,989	132	9,121
Total	<u>\$ 22,042</u>	<u>\$ 760</u>	<u>\$ 22,802</u>

Serviced by the Stormwater Fund:

	<u>Principal Balance June 30, 2008</u>
\$270,463 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 43 monthly payments of \$5,021 including interest at 3.832%.	\$ 201,427
\$3,000 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 20 monthly payments of \$88 including interest at 3.898%.	1,704
\$84,466 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 48 monthly payments of \$1,574 including interest at 4.00%.	69,717
	<u>\$ 272,848</u>

The future minimum payments of the installment purchases payable as of June 30, 2008, including \$20,367 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 70,872	\$ 9,325	\$ 80,197
2010	73,311	6,533	79,844
2011	75,478	3,661	79,139
2012	53,187	848	54,035
Total	<u>\$ 272,848</u>	<u>\$ 20,367</u>	<u>\$ 293,215</u>

B. Loans Payable

Water and Sewer Fund:

	<u>Principal Balance June 30, 2008</u>
\$15,000,000 State Revolving Fund Loan dated June 30, 1996, due in 8 annual installments of \$750,000 each; interest at 3.57%.	\$ 6,000,000
\$5,000,000 State Bond Loan dated April 1, 1996, due in 8 annual installments of \$250,000 each; interest at 4.4563%.	2,000,000
\$2,836,415 Sanitary Sewer Revolving Loan dated February 11, 1998, due in 9 annual installments of \$141,820 each; interest at 3.035%.	1,276,387
\$3,000,000 Sanitary Sewer Revolving Loan dated February 11, 1998, due in 9 annual installments of \$150,000 each; interest at 3.035%.	1,350,000
\$1,000,000 State Revolving Loan dated February 10, 2004 due in 6 annual installments of \$100,000 each; interest at 2.82%.	600,000
\$4,593,250 State Revolving Loan dated June 3, 2008 due in 20 annual installments of \$229,663 each; interest at 2.10%.	4,593,250
Total	<u><u>\$ 15,819,637</u></u>

The future minimum payments of the loans payable as of June 30, 2008, including \$3,835,218 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,391,821	\$ 416,810	\$ 1,808,631
2010	2,789,607	754,282	3,543,889
2011	2,789,607	868,310	3,657,917
2012	2,789,607	786,245	3,575,852
2013	1,791,713	703,190	2,494,903
2014-2018	4,267,282	306,381	4,573,663
Total	<u><u>\$ 15,819,637</u></u>	<u><u>\$ 3,835,218</u></u>	<u><u>\$ 19,654,855</u></u>

C. Changes in Long-Term Liabilities – Governmental Activities

Long-term liability activity for Governmental Activities for the year ended June 30, 2008, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Installment purchases	\$ 9,854,477	\$ 1,060,282	\$ 2,373,126	\$ 8,541,633	\$ 1,964,982
*Compensated absences	1,078,963	1,253,213	890,362	1,441,814	69,579
Total	<u>\$ 10,933,440</u>	<u>\$ 2,313,495</u>	<u>\$ 3,263,488</u>	<u>\$ 9,983,447</u>	<u>\$ 2,034,561</u>

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
By purpose					
General government	\$ 3,970,484	\$ 36,486	\$ 522,168	\$ 3,484,802	\$ 489,249
Fire equipment	891,311	42,242	338,757	594,796	280,551
Police equipment	1,278,959	696,554	736,616	1,238,897	609,931
Recreation	3,103,773	-	346,041	2,757,732	318,663
Streets	286,599	-	122,939	163,660	87,519
Fleet Maintenance	36,280	-	15,266	21,014	13,794
Information Technology Services	238,559	285,000	264,870	258,689	152,222
Video/Media Services	48,512	-	26,469	22,043	13,053
*Compensated absences	1,078,963	1,253,213	890,362	1,441,814	69,579
Total	<u>\$ 10,933,440</u>	<u>\$ 2,313,495</u>	<u>\$ 3,263,488</u>	<u>\$ 9,983,447</u>	<u>\$ 2,034,561</u>

*The General Fund is used to liquidate the liability for compensated absences for governmental activities.

**Compensatory Time was not tracked prior to Fiscal Year 2008

D. Changes in Long-Term Liabilities – Business-Type Activities

Long-term liability activity for Business-Type Activities for the year ended June 30, 2008, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Loans	\$ 12,630,112	\$ 4,593,250	\$ 1,403,725	\$ 15,819,637	\$ 1,391,821
Installment purchases	22,597,001	562,284	3,500,833	19,658,452	3,352,810
*Compensated absences	241,018	261,599	193,533	309,084	14,394
Total	<u>\$ 35,468,131</u>	<u>\$ 5,417,133</u>	<u>\$ 5,098,091</u>	<u>\$ 35,787,173</u>	<u>\$ 4,759,025</u>

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
By purpose					
Water Supply	\$ 3,542,778	\$ 4,593,250	\$ 360,781	\$ 7,775,247	\$ 363,426
Metering	1,987,411	3,700	578,525	1,412,586	552,380
Utilities Maintenance	4,003,373	-	119,272	3,884,101	77,706
Sewer	24,544,258	127,106	3,438,426	21,232,938	3,373,298
Solid Waste/Sanitation	893,735	347,012	340,378	900,369	306,949
Stormwater/Water Quality	255,558	84,466	67,176	272,848	70,872
*Compensated absences	241,018	261,599	193,533	309,084	14,394
Total	<u>\$ 35,468,131</u>	<u>\$ 5,417,133</u>	<u>\$ 5,098,091</u>	<u>\$ 35,787,173</u>	<u>\$ 4,759,025</u>

*The Water/Sewer and Stormwater/Water Quality Funds are used to liquidate the liability for compensated absences for business-type activities.

**Compensatory Time was not tracked prior to Fiscal Year 2008

Note 10. Interfund Receivables and Payables

Balances due to/from other funds at June 30, 2008, consist of the following:

Due to/from other funds:			Reconciliation to Exhibit A	
Receivable Fund	Payable Fund	Amount	Governmental	Business-Type
General	Non-Major Governmental	\$ 66,581	\$ -	\$ -
	Major Capital Project	1,428,291	-	-
	Internal Service Funds	81,583	-	-
	Water and Sewer Fund	970,452	970,452	-
	Solid Waste Fund	6,172	6,172	-
	Non-Major Enterprise Fund	2,904	2,904	-
Water and Sewer	General	1,691	-	1,691
Non-Major Enterprise	General	483	-	483
Internal Service Funds	General	153,887	-	-
	Water and Sewer	48,221	48,221	-
	Solid Waste Fund	64,418	64,418	-
	Non-Major Enterprise	21,637	21,637	-
	Non-Major Governmental	1,358	-	-
Solid Waste Fund	General	1,117	-	1,117
Special Separation Allowance Trust Fund	General	9,140	-	-
		<u>\$ 2,857,935</u>	<u>1,113,804</u>	<u>3,291</u>
			<u>\$ 1,110,513</u>	<u>\$ (1,110,513)</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Some examples of those are: additional funding requirements based on actuarial information, sanitation services provided, and health and life insurance premium refunds.

Note 11. Deferred and Unearned Revenues

The balance in deferred and unearned revenues at year-end is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
General Fund		
Prepaid taxes not yet earned	\$ -	\$ 56,993
Taxes receivable	1,334,768	-
Sturgeon City	-	580
Youth Council	-	459
Hall of Fame	-	3,668
Recreation fees not yet earned	-	1,517
Relay for Life	-	3,075
Police Department Venture Crew petty cash	-	50
Included in restricted assets (see Note 1G - Other):		
Police Department Venture Crew donations not yet earned, included in restricted assets	-	818
Earned, included in restricted Police Donations/Grants	-	4,479
Tree fund donations not yet earned, included in restricted assets	-	1,913
Beirut memorial donations not yet earned, included in restricted assets	-	1,813
Privilege licenses for next year	-	313,975
Beer and wine tax receivable	85,717	-
Investment interest receivable	2,994	-
Total	<u>\$ 1,423,479</u>	<u>\$ 389,340</u>
Proprietary Fund		
Scientific Study Deposit	\$ -	\$ 24,000
PILOT revenues not yet earned	-	5,372
Special assessments receivable	-	112,923
Collection Fees	-	1,266
Total	<u>\$ -</u>	<u>\$ 143,561</u>
Capital Reserve Fund		
Investment interest receivable	\$ 1,806	\$ -
Total	<u>\$ 1,806</u>	<u>\$ -</u>

Note 12. Intergovernmental Assistance Programs

The City of Jacksonville is an entitlement City for Community Development Block Grant funds. The City is required to administer the program and provide staff necessary to ensure compliance with Grant stipulations.

Note 13. Interfund Transfers

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers, and are reported as other financing sources (uses) in the Governmental funds and transfers in the Proprietary funds. Transfers within fund types have been eliminated.

Interfund transfers for the year ended June 30, 2008 are as follows:

	Transfers in:					
	Major General	Major Water and Sewer	Major Solid Waste	Major Capital Projects	Non-Major Governmental	Total
Transfers out:						
Major General Fund	\$ -	\$ -	\$ 3,029,134	\$ 890,323	\$ 2,359,579	\$ 6,279,036
Major Water and Sewer	-	-	-	-	-	-
Major Capital Projects	120,991	-	-	-	-	120,991
Non-Major Governmental	1,393,609	426,921	-	186,463	-	2,006,993
Non-Major Enterprise	75,085	-	-	-	-	75,085
Total transfers out	\$ 1,589,685	\$ 426,921	\$ 3,029,134	\$ 1,076,786	\$ 2,359,579	\$ 8,482,105

Transfers consist primarily of the following:

\$ 524,282	From Capital Reserve to General Fund for debt retirement.
742,158	From Capital Reserve to General Fund to reduce Council Initiatives
385,421	From Capital Reserve to Water Sewer Fund for debt retirement.
125,363	From Capital Reserve to Jacksonville Commons Phase II Project
764,226	From General Fund to Capital Reserve for Council Initiatives
884,139	From General Fund to Street Improvements Capital Project
679,048	From General Fund to Police Fire Facility Project
200,000	From Water Sewer Fund to Northeast Creek Lagoon Project
3,029,134	From General Fund to Solid Waste Fund for support of operations

Note 14. Jointly Governed Organizations

The City, in conjunction with Camp Lejeune Marine Corps Base, Onslow County, and the other five municipalities within the county, established the Onslow Water and Sewer Authority (ONWASA). The ONWASA mission is to provide sewer availability to all Onslow County residents. The ONWASA's board is comprised of two members from the City, two members from the County and one member from each of the five municipalities. The City has elected to be a wholesale member and not a full service member of ONWASA.

The City, in conjunction with Onslow County, established the Jacksonville-Onslow Sports Commission. The purpose of the Commission is to coordinate all sporting events and tournaments in the County, striving to reduce scheduling major events on the same weekend. The City and County each fund one-half of the cost for this organization. The City's funding for FY2007-2008 was \$60,000.

The City, in conjunction with Onslow County and Y.O.U. Inc., dba Committee of 100, established an Economic Development Program. The purpose of this organization is to guide the growth in all of Onslow County by encouraging the expansion of local industry and the development of new jobs. The City and County each fund one-half of the cost for this organization. The City's funding for FY2007-2008 was \$90,000.

The City established the Sturgeon City Project in FY2000 and in FY2007 turned over directorship to the non-profit Sturgeon City of Jacksonville, Inc. The City contributed \$90,000 in FY2007-2008.

Note 15. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Federal and State financial assistance audits could result in the refund of grant money to the grantor agencies. Management believes that any required refunds from audit of other federal and State financial assistance will be immaterial. No provision has been made in the accompanying financial statements for the possible refund of grant money.

Note 16. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2008 that have effective dates that may impact future financial presentations.

The impact of GASB Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," is addressed in Note 5F.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statement of the City of Jacksonville.

- GASB Statement Number 49, "Accounting and Financial Reporting for Pollution Remediation Obligations."
- GASB Statement Number 51, "Accounting and Financial Reporting for Intangible Assets."
- GASB Statement Number 52, "Land and Other Real Estate Held as Investments by Endowments."
- GASB Statement Number 53, "Accounting and Financial Reporting for Derivative Instruments."



REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance

Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance

Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance

City of Jacksonville, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Exhibit K

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/98	\$ 322,942	\$ 730,303	\$ 407,361	44.22	\$ 2,880,521	14.14 %
12/31/99	351,546	767,213	415,667	45.82	3,211,861	12.94
12/31/00	325,298	1,151,766	826,468	28.24	3,447,476	23.97
12/31/01	328,295	1,290,187	961,892	25.45	3,290,310	29.23
12/31/02	393,883	1,317,283	923,400	29.90	3,413,422	27.05
12/31/03	350,683	1,428,537	1,077,854	24.55	3,581,940	30.09
12/31/04	468,237	1,653,136	1,184,899	28.32	3,803,022	31.16
12/31/05	478,063	1,535,431	1,057,368	31.14	3,893,027	27.16
12/31/06	326,749	1,630,510	1,303,761	20.04	4,309,754	30.25
12/31/07	451,242	1,793,930	1,342,688	25.15	4,491,542	29.89

City of Jacksonville, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
1999	68,184	107 %
2000	72,776	33
2001	79,185	100
2002	108,525	100
2003	116,555	100
2004	120,551	101
2005	136,127	100
2006	147,999	100
2007	131,840	100
2008	151,262	100

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases *	Ranging from 4.5% to 12.3%
* Includes inflation at	3.75%
Cost-of-living adjustments	None



MAJOR FUNDS

- General Fund
- Capital Projects Fund
- Water and Sewer Fund
- Solid Waste Fund



GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required to be accounted for in other funds.

City of Jacksonville, North Carolina
General Fund
Comparative Balance Sheets
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and cash equivalents	\$ 10,106,531	\$ 11,916,616
Restricted cash and cash equivalents	1,255,168	582,408
Taxes receivable (net)	1,334,768	1,192,656
Accounts receivable (net)	3,407,646	4,055,499
Interfund receivables	2,555,983	432,542
Inventories	16,291	10,122
Prepaid items	23,490	30,893
Total Assets	<u>\$ 18,699,877</u>	<u>\$ 18,220,736</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,236,005	\$ 1,437,955
Due to other funds	9,140	7,792
Interfund payable	157,178	239,197
Compensated Absences Payable	-	72,100
Customer deposits	230,188	133,302
Deferred revenue	1,423,479	1,319,219
Unearned revenue	389,340	232,653
Total Liabilities	<u>3,445,330</u>	<u>3,442,218</u>
Fund Balances:		
Fund Balance - Reserved:		
Reserved by state statute	5,874,916	4,361,478
Reserved for compensating balance	150,000	150,000
Reserved for encumbrances	805,475	492,976
Reserved for inventories	16,291	10,122
Reserved for installment purchase	705,588	259,748
Reserved for Powell Bill	160,255	30,054
Reserved for prepaid items	23,490	30,893
Reserved for drug enforcement	4,593	4,593
Reserved for US agencies	12	24,761
Total Reserved	<u>7,740,620</u>	<u>5,364,625</u>
Fund Balance - Unreserved/Designated:		
Designated for subsequent year's expenditures	4,966,631	2,570,328
Undesignated	2,547,296	6,843,565
Total Fund Balances	<u>15,254,547</u>	<u>14,778,518</u>
Total Liabilities and Fund Balances	<u>\$ 18,699,877</u>	<u>\$ 18,220,736</u>

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

Schedule 2
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	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
Current year (net of discounts)	\$ 15,463,747	\$ 16,052,723	\$ 588,976	\$ 13,122,827
Prior years	285,000	248,414	(36,586)	262,104
Penalties and interest	62,000	74,588	12,588	69,369
Total	15,810,747	16,375,725	564,978	13,454,300
Other taxes and licenses:				
CATV franchise tax	63,473	32,253	(31,220)	310,820
Privilege licenses	625,000	649,834	24,834	620,597
Local option sales tax	3,080,909	3,080,909	-	4,589,342
One-half cent sales tax (2003)	1,568,803	1,568,803	-	2,420,006
One-half cent sales tax (1983)	1,936,230	1,936,230	-	3,100,604
One-half cent sales tax (1986)	1,921,712	1,921,712	-	3,075,719
Gross receipt on short term vehicle tax	83,000	114,395	31,395	104,109
Total	9,279,127	9,304,136	25,009	14,221,197
Unrestricted intergovernmental revenues:				
Utility franchise tax	2,055,335	2,623,543	568,208	2,191,999
Beer and wine tax	336,799	342,868	6,069	330,408
Payment in lieu of taxes (PILOT)	4,000	3,940	(60)	2,380
State Owned Buildings Fire Protection	1,500	1,529	29	1,867
ABC revenue	45,000	69,543	24,543	56,568
Onslow County Downtown Master Plan	-	-	-	37,010
Total	2,442,634	3,041,423	598,789	2,620,232
Restricted intergovernmental revenues:				
Federal – CAMA land use grant	9,900	7,459	(2,441)	4,531
Federal – 104F transportation grant	327,325	245,904	(81,421)	56,623
Federal – FTA Section 5303 grant	16,648	21,448	4,800	-
Federal – DEA Task Force	17,060	21,257	4,197	-
State – Mosquito Control grant	29,467	29,467	-	-
State – CAMA land use grant	8,000	-	(8,000)	26,000
State – CAMA permits	200	297	97	165
State – Street-aid Allocation	2,137,278	2,137,277	(1)	1,888,115
State – Wellness Incentive grant	4,247	4,246	(1)	1,754
State – 5303 State grant funds	2,081	2,681	600	-
State – Arts Council	1,600	1,317	(283)	1,600
Local – Juvenile Transportation	2,200	150	(2,050)	2,175
Local – EAP ongoing grant	3,000	2,432	(568)	2,760
Local – NCLM Safety grant	600	-	(600)	-
Local – Police Dept Community Services Contribution	1,000	291	(709)	209
Local – NARTEST-Court Ordered Payment	8,301	8,300	(1)	-
Total	2,568,907	2,482,526	(86,381)	1,983,932
Permits and fees:				
Taxi permits	12,535	9,667	(2,868)	9,825
Development review fees	56,500	98,791	42,291	61,095
Inspection fees	685,300	663,932	(21,368)	742,277
Engineering fees	-	-	-	225
Erosion control fees	6,000	10,400	4,400	10,250
Fire protection permit	7,500	21,516	14,016	13,751
Nuisance abatement fees		9,662	9,662	
Police Department	1,750	350	(1,400)	5,223
Total	769,585	814,318	44,733	842,646

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

Schedule 2
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	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Sales and services:				
Utility patching service	\$ 16,000	\$ 38,835	\$ 22,835	\$ 21,348
Space rent	15,345	15,345	-	15,345
Recreation fees	426,666	361,740	(64,926)	294,101
Recreation concession	32,373	40,094	7,721	34,795
Photocopy and map sales	700	360	(340)	377
Credit reports	1,500	4,477	2,977	2,001
Powell Bill equipment use allowance	20,000	34,658	14,658	24,833
Cooperative Bank	2,100	2,100	-	2,100
Youth Center	-	269	269	-
Annexation/street closing petition	6,000	3,000	(3,000)	-
Funeral escorts	39,000	3,025	(35,975)	-
Wrecker rotation member	7,750	7,750	-	-
Miscellaneous Sales	-	5,287	5,287	3,711
Total	567,434	516,940	(50,494)	398,611
Investment earnings:				
Investment earnings	500,000	757,888	257,888	785,675
Investment earnings - Powell Bill	45,000	46,875	1,875	49,234
Total	545,000	804,763	259,763	834,909
Miscellaneous:				
Police court fees	38,000	55,846	17,846	49,232
Parking fines	200	4	(196)	64
Program income-Powell Bill	-	4,000	4,000	-
Miscellaneous	113,044	96,560	(16,484)	210,350
Contributions	22,100	8,843	(13,257)	5,173
Total	173,344	165,253	(8,091)	264,819
Total revenues	32,156,778	33,505,084	1,348,306	34,620,646
Expenditures:				
General government				
Mayor and Council				
Salaries and employee benefits		60,068		60,131
Operating expenses		102,329		33,596
Contracted services		3,016		-
Other departmental expenses		116,336		92,606
Overhead allocation from General Fund		(66,131)		(38,302)
Total		215,618		148,031
City Manager				
Salaries and employee benefits		351,327		310,194
Operating expenses		41,090		17,450
Contracted services		9,420		27,201
Other departmental expenses		60,806		46,541
Overhead allocation from General Fund		(138,117)		(47,621)
Total		324,526		353,765

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

Schedule 2
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	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Human Resources				
Salaries and employee benefits	\$	\$ 310,198	\$	\$ 286,216
Operating expenses		167,250		154,583
Contracted services		3,957		6,216
Other departmental expenses		68,212		49,913
Capital outlay		6,255		-
Overhead allocation from General Fund		(148,658)		(148,020)
Total		407,214		348,908
City Clerk				
Salaries and employee benefits		123,857		123,627
Operating expenses		22,019		14,691
Contracted services		5,427		2,126
Other departmental expenses		40,522		25,072
Overhead allocation from General Fund		(16,284)		(14,976)
Total		175,541		150,540
Elections				
Contracted services		15,933		-
Total		15,933		-
Finance				
Salaries and employee benefits		1,019,446		1,057,081
Operating expenses		156,081		165,297
Maintenance and repairs		31		6,934
Contracted services		321,555		249,877
Other departmental expenses		192,817		184,218
Capital outlay		-		12,114
Overhead allocation from General Fund		(686,636)		(623,950)
Total		1,003,294		1,051,571
Community Programs				
Salaries and employee benefits		75,628		58,399
Operating expenses		18,358		12,137
Maintenance and repairs		749		-
Contracted services		34,774		3,481
Other departmental expenses		25,362		39,798
Total		154,871		113,815
Legal				
Salaries and employee benefits		151,243		141,927
Operating expenses		14,247		11,979
Contracted services		10,997		9,678
Other departmental expenses		8,910		7,027
Overhead allocation from General Fund		(114,722)		(90,179)
Total		70,675		80,432
Planning				
Salaries and employee benefits		551,223		378,424
Operating expenses		88,009		45,064
Contracted services		74,254		60,887
Other departmental expenses		92,648		140,939
Capital outlay		13,386		-
Overhead allocation from General Fund		(14,448)		(6,486)
Total		805,072		618,828

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

Schedule 2
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	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Transportation				
Salaries and employee benefits	\$	\$ 8,919	\$	\$ 54,264
Operating expenses		2,085		1,839
Contracted services		342,338		37,742
Other departmental expenses		26,133		26,083
Total		379,475		119,928
Non-departmental				
Salaries and employee benefits		200,000		-
Operating expenses		120,186		195,037
Maintenance and repairs		-		529
Contracted services		36,953		42,124
Other departmental expenses		5,682		54,409
Reserve for insurance deductible		186,407		198,104
Miscellaneous payments		273,000		407,513
Payment to Onslow County		-		1,643,502
Bad debts		-		7,244
Total		822,228		2,548,462
Total general government	5,348,463	4,374,447	974,016	5,534,280
Public works				
Inspections				
Salaries and employee benefits		685,096		663,479
Operating expenses		90,497		68,751
Contracted services		20,233		20,449
Other departmental expenses		110,124		125,810
Capital outlay		-		15,865
Total		905,950		894,354
Administration				
Salaries and employee benefits		82,812		78,520
Operating expenses		5,651		3,645
Other departmental expenses		11,298		11,000
Total		99,761		93,165
Engineering				
Salaries and employee benefits		152,325		120,064
Operating expenses		28,969		17,085
Contracted services		5,340		16,844
Other departmental expenses		55,036		53,244
Street lighting		-		350,574
Capital outlay		17,344		-
Overhead allocation from General Fund		(221,032)		(122,063)
Total		37,982		435,748

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

Schedule 2
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	2008		2007
	Budget	Actual	Variance Positive (Negative)
Maintenance			
Salaries and employee benefits	\$	\$ 571,377	\$
Operating expenses		112,944	
Utilities		16,734	
Maintenance and repairs		6,180	
Contracted services		106,144	
Other departmental expenses		51,039	
Capital outlay		14,425	
Total		878,843	
Streets - Powell Bill			
Salaries and employee benefits		701,196	
Operating expenses		376,869	
Maintenance and repairs		4,939	
Contracted services		19,589	
Total		1,102,593	
Streets - non-Powell Bill			
Salaries and employee benefits		205,737	
Operating expenses		128,358	
Utilities		370,253	
Maintenance and repairs		1,401	
Contracted services		40,436	
Other departmental expenses		449,737	
Mosquito control		18,500	
Capital outlay		5,897	
Total		1,220,319	
Total public works	4,767,583	4,245,448	522,135
Public safety			
Police			
Salaries and employee benefits		7,164,937	
Employer contribution to separation allowance trust fund		159,140	
Operating expenses		1,258,217	
Utilities		39,269	
Maintenance and repairs		31,763	
Contracted services		25,761	
Other departmental expenses		1,150,811	
Capital outlay		524,434	
Total		10,354,332	
Fire			
Salaries and employee benefits		4,094,088	
Operating expenses		361,229	
Utilities		62,652	
Maintenance and repairs		58,045	
Contracted services		8,751	
Other departmental expenses		377,926	
Capital outlay		133,251	
Total		5,095,942	
Total public safety	15,978,657	15,450,274	528,383

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

Schedule 2
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	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Cultural and recreational				
Recreation				
Salaries and employee benefits	\$ -	\$ 1,342,928	\$ -	\$ 1,193,921
Operating expenses		394,526		370,458
Utilities		221,058		199,733
Maintenance and repairs		96,909		47,671
Contracted services		414,766		384,397
Other departmental expenses		249,790		223,634
Capital outlay		15,767		68,412
Total cultural and recreational	3,047,939	2,735,744	312,195	2,488,226
Debt service				
Principal retirements	2,052,628	1,998,485	54,143	1,925,965
Interest and fees	433,127	349,721	83,406	252,897
Total debt service	2,485,755	2,348,206	137,549	2,178,862
Total expenditures	31,628,397	29,154,119	2,474,278	28,281,294
Revenues over (under) expenditures	528,381	4,350,965	3,822,584	6,339,352
Other financing sources (uses):				
Debt issued	775,282	775,282		997,899
Appropriated fund balance	3,106,218	-	(3,106,218)	-
Sales of general capital assets	195,000	34,623	(160,377)	178,917
Sales of capital assets - Powell Bill	25,000	4,510	(20,490)	9,053
Transfers in--				
From Major Capital Project Fund	120,991	120,991	-	-
From Non-Major Governmental Fund	1,453,079	1,393,609	(59,470)	681,042
From Non-Major Enterprise Fund	75,085	75,085	-	-
Transfers (out)--				
To Major Capital Project Fund	(890,323)	(890,323)	-	(1,289,579)
To Major Enterprise Fund	(3,029,134)	(3,029,134)	-	(2,532,839)
To Non-Major Governmental Fund	(2,359,579)	(2,359,579)	-	(4,084,565)
To Non-Major Enterprise Fund	-	-	-	(20,000)
To Internal Service Fund	-	-	-	(168,730)
Total other financing (uses)	(528,381)	(3,874,936)	(3,346,555)	(6,228,802)
Net change in fund balance	\$ -	476,029	\$ 476,029	110,550
Fund balance:				
Beginning of year, July 1		14,778,518		14,667,968
End of year, June 30		\$ 15,254,547		\$ 14,778,518

MAJOR CAPITAL PROJECTS FUND

The Major Capital Projects Fund is segregated into individual projects which account for funds to be used for the acquisition or construction of major capital facilities.

Individual Project Descriptions:

Rails to Trails Capital Project – accounts for funds used in the conversion of railroad tracks to recreation trails.

City Hall Expansion Capital Project – accounts for funds used in the design and construction of the expansion and renovation of City Hall.

Sturgeon City Capital Project – accounts for funds used in the construction of Sturgeon City.

Sturgeon City Park Capital Project – accounts for funds used in the construction of Sturgeon City Park.

Police Remodeling Capital Project – accounts for funds used in the remodeling of the Police Station.

NC24 Culvert Trail Capital Project – accounts for funds used in the construction of the NC24 Culvert Trail.

Marine Corps Museum Capital Project – accounts for funds donated for the construction of the Marine Corps Museum.

Wilson Bay Initiative Capital Project – accounts for funds used in the Wilson Bay Initiative.

Downtown Redevelopment Capital Project – accounts for funds used in the revitalization of the downtown area.

Vietnam Veterans Memorial Capital Project – accounts for funds donated by the City for the eventual construction of a Vietnam Veterans Memorial.

Youth Center Capital Project – accounts for funds used in the construction of a Jacksonville Youth Center.

Fire Training Facility Capital Project – accounts for funds used in conjunction with funds donated from Coastal Carolina Community College and Onslow County Volunteer Fire Service for the construction of a Fire Training Facility.

Traffic Signal Preemption Capital Project – accounts for funds used in the Traffic Signal Preemption Project.

MAJOR CAPITAL PROJECTS FUND

(Continued)

Demolition Capital Project – accounts for funds dedicated for the demolition of unsuitable housing.

Country Club Park Capital Project – accounts for funds used in the construction of the Country Club Park.

Richard Ray All America Park Capital Project – accounts for funds used in the construction of the Richard Ray All America Park.

Civic Facility Capital Project – accounts for funds used in the construction of the Civic Facility.

Jacksonville Commons Phase II Capital Project – accounts for funds used in Phase II of the construction of the Jacksonville Commons Multi-Purpose Recreational Facility, which includes tennis courts, restrooms, and concession stands.

Sturgeon City Boardwalk II Capital Project – accounts for funds used in the construction of the Sturgeon City Boardwalk II.

Reserve Ladder Truck Replacement Capital Project – accounts for funds set aside for the purchase of a reserve ladder truck for the Fire Department.

West Gum Branch Fire Station Capital Project – accounts for funds used in the construction of the West Gum Branch Fire Station.

Indoor Facility Brynn Marr Capital Project – accounts for funds used in the construction of the Brynn Marr Indoor Facility.

Police/Fire Facility Capital Project – accounts for funds used in the construction of the new Police/Fire Facility.

Carolina Forest Park Capital Project – accounts for funds used in the construction of the Carolina Forest Park.

Youth Center Phase II Capital Project – accounts for the funds used for improvements to the Jacksonville Youth Center.

FEMA Firefighter's Assistance Capital Project – accounts for funds used to provide firefighter support in case of national disasters.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Comparative Balance Sheets
 June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments	\$ 4,284,487	\$ 5,585,696
Restricted cash and cash equivalents	2,729,797	2,643,731
Accounts Receivable (net)	112,188	486,404
Total Assets	<u>\$ 7,126,472</u>	<u>\$ 8,715,831</u>
Liabilities and Fund Balances		
Accounts payable and accrued liabilities	\$ 1,209,976	\$ 2,489,564
Interfund payable	1,428,291	184,750
Total Liabilities	<u>2,638,267</u>	<u>2,674,314</u>
Fund Balances:		
Reserved for encumbrances	572,016	2,157,562
Reserved for Powell Bill	3,491	3,491
Unreserved, designated for subsequent year's expenditures	3,912,698	3,880,464
Unreserved, undesignated	-	-
Total Fund Balances	<u>4,488,205</u>	<u>6,041,517</u>
Total Liabilities and Fund Balances	<u>\$ 7,126,472</u>	<u>\$ 8,715,831</u>



City of Jacksonville, North Carolina
Major Capital Projects Fund
Schedule of Revenues and Expenditures--
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenues:					
Water Access Grant	\$ 559,000	\$ 271,983	\$ 287,017	\$ 559,000	\$ -
NC Transp Enhancement Grant	1,187,582	1,075,394	112,188	1,187,582	-
Bike/Pedestrian Grant	400,000	400,000	-	400,000	-
LWCF Grant	231,676	231,676	-	231,676	-
Part F Grant	1,279,000	495,721	(20,721)	475,000	(804,000)
104F Transportation	108,000	-	-	-	(108,000)
Wetlands Restoration	192,072	190,782	-	190,782	(1,290)
CCCC Joint Project	13,000	13,000	-	13,000	-
Onslow County Joint Project	25,000	25,000	-	25,000	-
Prevention Pollution Grant	10,000	8,459	-	8,459	(1,541)
Contribution - Onslow County	123,191	116,808	-	116,808	(6,383)
FEMA Firefighters Assistance	70,200	-	70,200	70,200	-
Total restricted intergovernmental revenues	4,198,721	2,828,823	448,684	3,277,507	(921,214)
Investment earnings	583,115	375,945	160,061	536,006	(47,109)
Miscellaneous Revenues	19,079	18,828	-	18,828	(251)
Contributions	83,479	70,852	13,676	84,528	1,049
Total revenues	4,884,394	3,294,448	622,421	3,916,869	(967,525)
Expenditures:					
General Government	24,435,690	10,145,950	201,823	10,347,773	14,087,917
Public Works					
Public Safety	23,343,271	838,308	96,101	934,409	22,408,862
Cultural and Recreation	13,585,629	6,808,225	2,805,129	9,613,354	3,972,275
Non Capitalized Expenditures	2,055,449	623,347	28,475	651,822	1,403,627
Total expenditures	63,420,039	18,415,830	3,131,528	21,547,358	41,872,681
Revenues (under) expenditures	(58,535,645)	(15,121,382)	(2,509,107)	(17,630,489)	40,905,156
Other financing sources (uses):					
Sale of Capital Assets	100,000	100,000	-	100,000	-
Debt issued	44,881,175	8,464,223	-	8,464,223	(36,416,952)
Transfers in--					
From Capital Reserve Fund	10,307,323	10,120,860	186,463	10,307,323	-
From General Fund	3,640,731	2,750,408	890,323	3,640,731	-
From Capital Projects	30,000	30,000	-	30,000	-
From Proprietary Fund	14,105	14,105	-	14,105	-
Transfers (out)--					
To Capital Reserve Fund	(34,510)	(34,509)	-	(34,509)	1
To General Fund	(373,179)	(252,188)	(120,991)	(373,179)	-
To Capital Projects	(30,000)	(30,000)	-	(30,000)	-
Total other financing sources	58,535,645	21,162,899	955,795	22,118,694	(36,416,951)
Net Change In Fund Balance	\$ -	\$ 6,041,517	\$ (1,553,312)	\$ 4,488,205	\$ 4,488,205

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Balance Sheet
June 30, 2008
With Comparative Totals for June 30, 2007

	<u>Rails to Trails</u>	<u>City Hall Expansion</u>	<u>Sturgeon City</u>	<u>Sturgeon City Park</u>	<u>Police Remodeling</u>	<u>NC24 Culvert Trail</u>
Assets						
Cash and cash equivalents	\$ 157,190	\$ 500,206	\$ 58,279	\$ 4,836	\$ 13,752	\$ 98,942
Restricted current assets	705,739	-	-	-	-	-
Accounts receivable	112,188	-	-	-	-	-
Total Current Assets	<u>975,117</u>	<u>500,206</u>	<u>58,279</u>	<u>4,836</u>	<u>13,752</u>	<u>98,942</u>
Total Assets	<u>\$ 975,117</u>	<u>\$ 500,206</u>	<u>\$ 58,279</u>	<u>\$ 4,836</u>	<u>\$ 13,752</u>	<u>\$ 98,942</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 806,929	\$ 312,071	\$ 124	\$ -	\$ -	\$ -
Interfund payable	-	-	-	-	-	-
Total Liabilities	<u>806,929</u>	<u>312,071</u>	<u>124</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Reserved for encumbrances	416,772	82,107	-	-	3,918	-
Reserved for Powell Bill	-	-	-	-	-	-
Unreserved, designated for subsequent year's expenditures		106,028	58,155	4,836	9,834	98,942
Unreserved, undesignated	<u>(248,584)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>168,188</u>	<u>188,135</u>	<u>58,155</u>	<u>4,836</u>	<u>13,752</u>	<u>98,942</u>
Total Liabilities and Fund Balances	<u>\$ 975,117</u>	<u>\$ 500,206</u>	<u>\$ 58,279</u>	<u>\$ 4,836</u>	<u>\$ 13,752</u>	<u>\$ 98,942</u>

Marine Corps Museum	Wilson Bay Initiative	Downtown Redevelopment	Vietnam Veterans Memorial	Youth Center	Fire Training Facility
\$ 545,424	\$ 61,250	\$ 17,609	\$ 575,790	\$ 12,273	\$ 14,491
-	-	3,491	-	-	-
-	-	-	-	-	-
545,424	61,250	21,100	575,790	12,273	14,491
<u>\$ 545,424</u>	<u>\$ 61,250</u>	<u>\$ 21,100</u>	<u>\$ 575,790</u>	<u>\$ 12,273</u>	<u>\$ 14,491</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	10,076	-	-	11,232	-
-	-	3,491	-	-	-
545,424	51,174	17,609	575,790	1,041	14,491
-	-	-	-	-	-
545,424	61,250	21,100	575,790	12,273	14,491
<u>\$ 545,424</u>	<u>\$ 61,250</u>	<u>\$ 21,100</u>	<u>\$ 575,790</u>	<u>\$ 12,273</u>	<u>\$ 14,491</u>

Continued on next page.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Balance Sheet
June 30, 2008
With Comparative Totals for June 30, 2007

	Traffic Signal Preemption	Demolition	Country Club Park	Richard Ray All America Park	Civic Facility	Jacksonville Commons Phase II
Assets						
Current Assets:						
Cash and cash equivalents	\$ 16,105	\$ 208,026	\$ 51,725	\$ -	\$ 66,837	\$ -
Restricted current assets	-	-	-	-	-	2,020,567
Accounts receivable	-	-	-	-	-	-
Total Current Assets	16,105	208,026	51,725		66,837	2,020,567
Total Assets	<u>\$ 16,105</u>	<u>\$ 208,026</u>	<u>\$ 51,725</u>	<u>\$ -</u>	<u>\$ 66,837</u>	<u>\$ 2,020,567</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,857
Interfund payable	-	-	-	12,452	-	1,415,839
Total Liabilities	-	-	-	12,452	-	1,428,696
Fund Balances:						
Reserved for encumbrances	-	-	11,400	-	-	14,911
Reserved for Powell Bill	-	-	-	-	-	-
Unreserved, designated for subsequent year's expenditures	16,105	208,026	40,325	-	66,837	576,960
Unreserved, undesignated	-	-	-	(12,452)	-	-
Total Fund Balance	16,105	208,026	51,725	(12,452)	66,837	591,871
Total Liabilities and Fund Balances	<u>\$ 16,105</u>	<u>\$ 208,026</u>	<u>\$ 51,725</u>	<u>\$ -</u>	<u>\$ 66,837</u>	<u>\$ 2,020,567</u>

Statement 5,
continued.

Sturgeon City Boardwalk II	Indoor Facility Brynn Marr	Police/Fire Facility	Carolina Forest Park	Youth Center Phase II	FEMA Firefighters Assistance
\$ 3,526	\$ 50,000	\$ 1,649,152	\$ 100,000	\$ 1,074	\$ 78,000
-	-	-	-	-	-
-	-	-	-	-	-
3,526	50,000	1,649,152	100,000	1,074	78,000
<u>\$ 3,526</u>	<u>\$ 50,000</u>	<u>\$ 1,649,152</u>	<u>\$ 100,000</u>	<u>\$ 1,074</u>	<u>\$ 78,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,995
-	-	-	-	-	-
-	-	-	-	-	77,995
-	9,800	-	11,800	-	-
-	-	-	-	-	-
3,526	40,200	1,649,152	88,200	1,074	5
-	-	-	-	-	-
3,526	50,000	1,649,152	100,000	1,074	5
<u>\$ 3,526</u>	<u>\$ 50,000</u>	<u>\$ 1,649,152</u>	<u>\$ 100,000</u>	<u>\$ 1,074</u>	<u>\$ 78,000</u>

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Balance Sheet

June 30, 2008

With Comparative Totals for June 30, 2007

	Totals	
	June 30, 2008	June 30, 2007
Assets		
Cash and cash equivalents	\$ 4,284,487	\$ 5,585,696
Restricted current assets	2,729,797	2,643,731
Accounts receivable	112,188	486,404
Total Current Assets	7,126,472	8,715,831
Total Assets	<u>\$ 7,126,472</u>	<u>\$ 8,715,831</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,209,976	\$ 2,489,564
Interfund payable	1,428,291	184,750
Total Liabilities	2,638,267	2,674,314
Fund Balances:		
Reserved for encumbrances	572,016	2,157,562
Reserved for Powell Bill	3,491	3,491
Unreserved, designated for subsequent year's expenditures	4,173,734	3,880,464
Unreserved, undesignated	(261,036)	-
Total Fund Balance	4,488,205	6,041,517
Total Liabilities and Fund Balances	<u>\$ 7,126,472</u>	<u>\$ 8,715,831</u>



City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances

For the Fiscal Year Ended June 30, 2008

With Comparative Totals for the Fiscal Year Ended June 30, 2007

	Rails to Trails	City Hall Expansion	Sturgeon City	Sturgeon City Park	Police Remodeling	NC24 Culvert Trail
Revenues:						
Restricted intergovernmental revenues	\$ 112,188	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	29,751	22,091	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Contributions	800	-	-	-	-	-
Total revenues	<u>142,739</u>	<u>22,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:						
Capital Outlay:						
General Government	-	106,070	9,263	-	-	-
Public Works	-	-	-	-	-	-
Public Safety	-	-	-	-	17,494	-
Cultural and Recreation	950,972	-	-	26,502	-	78,058
Economic and Physical Development	-	-	-	-	-	-
Other Improvements	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Non-capitalized expenditures	-	-	-	-	-	-
Total expenditures	<u>950,972</u>	<u>106,070</u>	<u>9,263</u>	<u>26,502</u>	<u>17,494</u>	<u>78,058</u>
Revenues over (under) expenditures	<u>(808,233)</u>	<u>(83,979)</u>	<u>(9,263)</u>	<u>(26,502)</u>	<u>(17,494)</u>	<u>(78,058)</u>
Other financing sources (uses):						
Debt issued	-	-	-	-	-	-
Transfers in	-	-	16,100	-	-	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>16,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(808,233)	(83,979)	6,837	(26,502)	(17,494)	(78,058)
Fund balances:						
Beginning of year, July 1	<u>976,421</u>	<u>272,114</u>	<u>51,318</u>	<u>31,339</u>	<u>31,246</u>	<u>177,000</u>
End of year, June 30	<u>\$ 168,188</u>	<u>\$ 188,135</u>	<u>\$ 58,155</u>	<u>\$ 4,837</u>	<u>\$ 13,752</u>	<u>\$ 98,942</u>

Marine Corps Museum	Wilson Bay Initiative	Downtown Redevelopment	Vietnam Veterans Memorial	Youth Center
\$ -	\$ -	\$ -	\$ -	\$ -
1,005	-	-	22,820	-
-	-	-	-	-
-	-	-	-	-
1,005	-	-	22,820	-
-	23,819	-	-	33,745
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	23,819	-	-	33,745
1,005	(23,819)	-	22,820	(33,745)
-	-	-	-	-
-	475	-	-	-
-	-	-	-	-
-	475	-	-	-
1,005	(23,344)	-	22,820	(33,745)
544,419	84,594	21,100	552,970	46,018
\$ 545,424	\$ 61,250	\$ 21,100	\$ 575,790	\$ 12,273

Continued on next page.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances

For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

	Fire Training Facility	Traffic Signal Preemption	Demolition	Country Club Park	Richard Ray All America Park
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Contributions	12,876	-	-	-	-
Total revenues	12,876	-	-	-	-
Expenditures:					
Capital Outlay:					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreation	-	-	-	209	133,193
Economic and Physical Development	-	-	-	-	-
Other Improvements	-	-	-	-	-
Construction in progress	-	-	-	-	-
Non-capitalized expenditures	28,475	-	-	-	-
Total expenditures	28,475	-	-	209	133,193
Revenues over (under) expenditures	(15,599)	-	-	(209)	(133,193)
Other financing sources (uses):					
Debt issued	-	-	-	-	-
Transfers in	-	-	-	-	45,000
Transfers (out)	-	-	-	-	-
Total other financing sources	-	-	-	-	45,000
Net change in fund balance	(15,599)	-		(209)	(88,193)
Fund balances:					
Beginning of year, July 1	30,090	16,105	208,026	51,934	75,741
End of year, June 30	\$ 14,491	\$ 16,105	\$ 208,026	\$ 51,725	\$ (12,452)

Civic Facility	Jacksonville Commons Phase II	Sturgeon City Boardwalk II	Reserve Ladder Truck Replacement	Indoor Facility Brynn Marr	Police/Fire Facility	Carolina Forest Park
\$ -	\$ (20,721)	\$ 287,017	\$ -	\$ -	\$ -	\$ -
-	84,366	-	28	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	63,645	287,017	28	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,290,388	325,807	612	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,290,388	325,807	612	-	-	-
-	(1,226,743)	(38,790)	(584)	-	-	-
-	-	-	-	-	-	-
-	125,363	23,000	-	50,000	679,048	100,000
-	-	-	(120,991)	-	-	-
-	125,363	23,000	(120,991)	50,000	679,048	100,000
-	(1,101,380)	(15,790)	(121,575)	50,000	679,048	100,000
66,837	1,693,251	19,315	121,575	-	970,104	-
\$ 66,837	\$ 591,871	\$ 3,525	\$ -	\$ 50,000	\$ 1,649,152	\$ 100,000

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances

For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

	Youth Center Phase II	FEMA Firefighter's Assistance	Totals	
			June 30, 2008	June 30, 2007
Revenues:				
Restricted intergovernmental revenues	\$ -	\$ 70,200	\$ 448,684	\$ 1,041,331
Investment earnings	-	-	160,061	102,079
Miscellaneous	-	-	-	-
Contributions	-	-	13,676	-
Total revenues	-	70,200	622,421	1,143,410
Expenditures:				
Capital Outlay:				
General Government	28,926	-	201,823	1,465,479
Public Works	-	-	-	-
Public Safety	-	77,995	96,101	757,258
Cultural and Recreation	-	-	2,805,129	4,114,487
Economic and Physical Development	-	-	-	-
Other Improvements	-	-	-	-
Construction in progress	-	-	-	-
Non-capitalized expenditures	-	-	28,475	9,312
Total expenditures	28,926	77,995	3,131,528	6,346,536
Revenues over (under) expenditures	(28,926)	(7,795)	(2,509,107)	(5,203,126)
Other financing sources (uses):				
Debt issued	-	-	-	2,606,307
Transfers in	30,000	7,800	1,076,786	4,602,342
Transfers (out)	-	-	(120,991)	-
Total other financing sources	30,000	7,800	955,795	7,208,649
Net change in fund balance	1,074	5	(1,553,312)	2,005,523
Fund balances:				
Beginning of year, July 1	-	-	6,041,517	4,035,994
End of year, June 30	\$ 1,074	\$ 5	\$ 4,488,205	\$ 6,041,517

City of Jacksonville, North Carolina
Rails to Trails Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
NC Transportation Enhancement grant	\$ 1,075,394	\$ 1,075,394	\$ -	\$ 1,075,394	\$ -
Bike Pedestrian grant	400,000	400,000	-	400,000	-
NC Transportation Enhancement grant	112,188	-	112,188	112,188	-
Investment earnings	79,689	48,465	29,751	78,216	(1,473)
Contributions	-	-	800	800	800
Total revenues	<u>1,667,271</u>	<u>1,523,859</u>	<u>142,739</u>	<u>1,666,598</u>	<u>(673)</u>
Expenditures:					
Capital outlay:					
Other improvements		4,601,397	950,972	5,552,369	
Total expenditures	<u>5,721,230</u>	<u>4,601,397</u>	<u>950,972</u>	<u>5,552,369</u>	<u>168,861</u>
Revenues (under) expenditures	<u>(4,053,959)</u>	<u>(3,077,538)</u>	<u>(808,233)</u>	<u>(3,885,771)</u>	<u>168,188</u>
Other financing sources (uses):					
Debt issued	674,466	674,466	-	674,466	-
Transfers in--					
From General Fund	316,000	316,000	-	316,000	-
From Capital Reserve Fund	3,084,081	3,084,081	-	3,084,081	-
Transfers (out)--					
To General Fund	(112,188)	(112,188)	-	(112,188)	-
To Capital Reserve	(8,400)	(8,400)	-	(8,400)	-
Sale of capital assets	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Total other financing sources	<u>4,053,959</u>	<u>4,053,959</u>	<u>-</u>	<u>4,053,959</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>976,421</u>	<u>(808,233)</u>	<u>\$ 168,188</u>	<u>\$ 168,188</u>
Fund balance:					
Beginning of year, July 1			976,421		
End of year, June 30			<u>\$ 168,188</u>		

City of Jacksonville, North Carolina
City Hall Expansion Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Contribution - Onslow County	\$ 10,307	\$ 10,308	\$ -	\$ 10,308	\$ 1
Investment earnings	245,054	221,793	22,091	243,884	(1,170)
Total revenues	255,361	232,101	22,091	254,192	(1,169)
Expenditures:					
Capital outlay:					
Other improvements		6,790,308	106,070	6,896,378	
Total expenditures	7,085,682	6,790,308	106,070	6,896,378	189,304
Revenues (under) expenditures	(6,830,321)	(6,558,207)	(83,979)	(6,642,186)	188,135
Other financing sources:					
Debt issued	5,030,308	5,030,308	-	5,030,308	-
Transfers in--					
From Capital Reserve Fund	1,705,908	1,705,908	-	1,705,908	-
From General Fund	80,000	80,000	-	80,000	-
From Proprietary Fund	14,105	14,105	-	14,105	-
Total other financing sources	6,830,321	6,830,321	-	6,830,321	-
Net change in fund balance	\$ -	\$ 272,114	(83,979)	\$ 188,135	\$ 188,135
Fund balance:					
Beginning of year, July 1			272,114		
End of year, June 30			\$ 188,135		

City of Jacksonville, North Carolina
Sturgeon City Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Contribution - Onslow County	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -
Prevention Pollution Grant	10,000	8,459	-	8,459	(1,541)
Total revenues	35,000	33,459	-	33,459	(1,541)
Expenditures:					
Capital outlay:					
Construction in progress		924,695	9,263	933,958	
Total expenditures	4,663,654	924,695	9,263	933,958	3,729,696
Revenues (under) expenditures	(4,628,654)	(891,236)	(9,263)	(900,499)	3,728,155
Other financing sources (uses):					
Debt issued	3,670,000	-	-	-	(3,670,000)
Transfers in--					
From Capital Reserve Fund	1,008,654	992,554	16,100	1,008,654	-
Transfers (out)--					
To Capital Projects	(30,000)	(30,000)	-	(30,000)	-
To Capital Reserve	(20,000)	(20,000)	-	(20,000)	-
Total other financing sources	4,628,654	942,554	16,100	958,654	(3,670,000)
Net change in fund balance	\$ -	\$ 51,318	6,837	\$ 58,155	\$ 58,155
Fund balance:					
Beginning of year, July 1			51,318		
End of year, June 30			\$ 58,155		

City of Jacksonville, North Carolina
Sturgeon City Park Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
LWCF grant	\$ 231,676	\$ 231,676	\$ -	\$ 231,676	\$ -
Water Access Grant	200,000	200,000	-	200,000	-
Wetlands Restoration	192,072	190,782	-	190,782	(1,290)
Total revenues	623,748	622,458	-	622,458	(1,290)
Expenditures:					
Capital outlay:					
Other improvements		920,194	26,502	946,696	
Total expenditures	952,823	920,194	26,502	946,696	6,127
Revenues (under) expenditures	(329,075)	(297,736)	(26,502)	(324,238)	4,837
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	275,075	275,075	-	275,075	-
From General Fund	24,000	24,000	-	24,000	-
From Capital Projects	30,000	30,000	-	30,000	-
Total other financing sources	329,075	329,075	-	329,075	-
Net change in fund balance	\$ -	\$ 31,339	(26,502)	\$ 4,837	\$ 4,837
Fund Balance:					
Beginning of year, July 1			31,339		
End of year, June 30			\$ 4,837		

City of Jacksonville, North Carolina
Police Remodeling Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		81,050	17,494	98,544	
Total expenditures	112,296	81,050	17,494	98,544	13,752
Revenues (under) expenditures	(112,296)	(81,050)	(17,494)	(98,544)	13,752
Other financing sources:					
Transfers in--					
From General Fund	112,296	112,296	-	112,296	-
Total other financing sources	112,296	112,296	-	112,296	-
Net change in fund balance	\$ -	\$ 31,246	(17,494)	\$ 13,752	\$ 13,752
Fund Balance:					
Beginning of year, July 1			31,246		
End of year, June 30			\$ 13,752		

City of Jacksonville, North Carolina
NC24 Culvert Trail Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
104F Transportation	\$ 108,000	\$ -	\$ -	\$ -	(108,000)
Total revenues	108,000	-	-	-	(108,000)
Expenditures:					
Capital outlay:					
Other improvements		-	78,058	78,058	
Total expenditures	285,000	-	78,058	78,058	206,942
Revenues (under) expenditures	(177,000)	-	(78,058)	(78,058)	98,942
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	177,000	177,000	-	177,000	-
Total other financing sources	177,000	177,000	-	177,000	-
Net change in fund balance	\$ -	\$ 177,000	(78,058)	\$ 98,942	\$ 98,942
Fund Balance:					
Beginning of year, July 1			177,000		
End of year, June 30			\$ 98,942		

City of Jacksonville, North Carolina
Marine Corps Museum Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment Earnings	\$ 82,290	\$ 44,419	\$ 1,005	\$ 45,424	\$ (36,866)
Total revenues	82,290	44,419	1,005	45,424	(36,866)
Expenditures:					
Capital outlay:					
Other improvements		100,000	-	100,000	
Total expenditures	682,290	100,000	-	100,000	582,290
Revenues over (under) expenditures	(600,000)	(55,581)	1,005	(54,576)	545,424
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	600,000	600,000	-	600,000	-
Total other financing sources	600,000	600,000	-	600,000	-
Net change in fund balance	\$ -	\$ 544,419	1,005	\$ 545,424	\$ 545,424
Fund Balance:					
Beginning of year, July 1			544,419		
End of year, June 30			\$ 545,424		

City of Jacksonville, North Carolina
Wilson Bay Initiative Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		208,047	23,819	231,866	
Total expenditures	293,116	208,047	23,819	231,866	61,250
Revenues (under) expenditures	(293,116)	(208,047)	(23,819)	(231,866)	61,250
Other financing sources:					
Transfers in--					
From General Fund	1,391	916	475	1,391	-
From Capital Reserve Fund	291,725	291,725	-	291,725	-
Total other financing sources	293,116	292,641	475	293,116	-
Net change in fund balance	\$ -	\$ 84,594	(23,344)	\$ 61,250	\$ 61,250
Fund Balance:					
Beginning of year, July 1			84,594		
End of year, June 30			\$ 61,250		

City of Jacksonville, North Carolina
Downtown Redevelopment Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		152,521	-	152,521	
Total expenditures	173,621	152,521	-	152,521	21,100
Revenues (under) expenditures	(173,621)	(152,521)	-	(152,521)	21,100
Other financing sources:					
Debt issued	8,800	8,800	-	8,800	-
Transfers in--					
From General Fund	3,491	3,491	-	3,491	-
From Capital Reserve Fund	161,330	161,330	-	161,330	-
Total other financing sources	173,621	173,621	-	173,621	-
Net change in fund balance	\$ -	\$ 21,100	-	\$ 21,100	\$ 21,100
Fund Balance:					
Beginning of year, July 1			21,100		
End of year, June 30			\$ 21,100		

City of Jacksonville, North Carolina
Vietnam Veterans Memorial Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment Earnings	\$ 82,665	\$ 52,970	\$ 22,820	\$ 75,790	\$ (6,875)
Total revenues	<u>82,665</u>	<u>52,970</u>	<u>22,820</u>	<u>75,790</u>	<u>(6,875)</u>
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	<u>582,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>582,665</u>
Revenues over (under) expenditures	<u>(500,000)</u>	<u>52,970</u>	<u>22,820</u>	<u>75,790</u>	<u>575,790</u>
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Total other financing sources	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 552,970</u>	<u>22,820</u>	<u>\$ 575,790</u>	<u>\$ 575,790</u>
Fund Balance:					
Beginning of year, July 1			<u>552,970</u>		
End of year, June 30			<u>\$ 575,790</u>		

City of Jacksonville, North Carolina
Youth Center Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		264,535	33,745	298,280	
Total expenditures	310,552	264,535	33,745	298,280	12,272
Revenues (under) expenditures	(310,552)	(264,535)	(33,745)	(298,280)	12,272
Other financing sources:					
Debt issued	102,808	102,808	-	102,808	-
Transfers in--					
From General Fund	106,848	106,848	-	106,848	-
From Capital Reserve	103,506	103,506	-	103,506	-
Transfers (out)--					
To Capital Reserve	(2,610)	(2,609)	-	(2,609)	1
Total other financing sources	310,552	310,553	-	310,553	1
Net change in fund balance	\$ -	\$ 46,018	(33,745)	\$ 12,273	\$ 12,273
Fund Balance:					
Beginning of year, July 1			46,018		
End of year, June 30			\$ 12,273		

City of Jacksonville, North Carolina
Fire Training Facility Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Contributions from Coastal Carolina					
Community College	\$ 13,000	\$ 13,000	\$ -	\$ 13,000	\$ -
Onslow County Volunteer Firefighters	12,876	-	12,876	12,876	-
Total revenues	25,876	13,000	12,876	25,876	-
Expenditures:					
Non-capitalized expenditures		119,663	28,475	148,138	
Total expenditures	162,629	119,663	28,475	148,138	14,491
Revenues (under) expenditures	(136,753)	(106,663)	(15,599)	(122,262)	14,491
Other financing sources:					
Transfers in--					
From General Fund	136,753	136,753	-	136,753	-
Total other financing sources	136,753	136,753	-	136,753	-
Net change in fund balance	\$ -	\$ 30,090	(15,599)	\$ 14,491	\$ 14,491
Fund Balance:					
Beginning of year, July 1			30,090		
End of year, June 30			\$ 14,491		

City of Jacksonville, North Carolina
Traffic Signal Preemption Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment Earnings	\$ 155	\$ 105	\$ -	\$ 105	\$ (50)
Total revenues	155	105	-	105	(50)
Expenditures:					
Non-capitalized expenditures		34,000	-	34,000	
Total expenditures	50,155	34,000	-	34,000	16,155
Revenues (under) expenditures	(50,000)	(33,895)	-	(33,895)	16,105
Other financing sources:					
Debt Issued	16,000	16,000	-	16,000	-
Transfers in--					
From General Fund	34,000	34,000	-	34,000	-
Total other financing sources	50,000	50,000	-	50,000	-
Net change in fund balance	\$ -	\$ 16,105	-	\$ 16,105	\$ 16,105
Fund Balance:					
Beginning of year, July 1			16,105		
End of year, June 30			\$ 16,105		

City of Jacksonville, North Carolina
Demolition Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Miscellaneous	\$ 4,710	\$ 4,460	\$ -	\$ 4,460	\$ (250)
Contributions	-	250	-	250	250
Total revenues	4,710	4,710	-	4,710	-
Expenditures:					
Non-capitalized expenditures		369,684	-	369,684	
Total expenditures	577,710	369,684	-	369,684	208,026
Revenues (under) expenditures	(573,000)	(364,974)	-	(364,974)	208,026
Other financing sources:					
Transfers in--					
From General Fund	333,000	333,000	-	333,000	-
From Capital Reserve Fund	240,000	240,000	-	240,000	-
Total other financing sources	573,000	573,000	-	573,000	-
Net change in fund balance	\$ -	\$ 208,026	-	\$ 208,026	\$ 208,026
Fund balance:					
Beginning of year, July 1			208,026		
End of year, June 30			\$ 208,026		

City of Jacksonville, North Carolina
Country Club Park Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Part F Grant	\$ 279,000	\$ -	\$ -	\$ -	\$ (279,000)
Total revenues	279,000	-	-	-	(279,000)
Expenditures:					
Capital outlay:					
Other improvements		23,066	209	23,275	
Total expenditures	558,000	23,066	209	23,275	534,725
Revenues (under) expenditures	(279,000)	(23,066)	(209)	(23,275)	255,725
Other financing sources:					
Debt Issued	204,000	-	-	-	(204,000)
Transfers in--					
From Capital Reserve Fund	75,000	75,000	-	75,000	-
Total other financing sources	279,000	75,000	-	75,000	(204,000)
Net change in fund balance	\$ -	\$ 51,934	(209)	\$ 51,725	\$ 51,725
Fund balance:					
Beginning of year, July 1			51,934		
End of year, June 30			\$ 51,725		

City of Jacksonville, North Carolina
Richard Ray All America Park Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Recreation grant	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Contribution	53,503	53,502	-	53,502	(1)
Miscellaneous	14,369	14,368	-	14,368	(1)
Total revenues	317,872	317,870	-	317,870	(2)
Expenditures:					
Capital outlay:					
Other improvements		578,629	133,193	711,822	
Total expenditures	746,372	578,629	133,193	711,822	34,550
Revenues (under) expenditures	(428,500)	(260,759)	(133,193)	(393,952)	34,548
Other financing sources (uses):					
Debt Issued	47,000	-	-	-	(47,000)
Transfers in--					
From General Fund	250,000	250,000	-	250,000	-
From Capital Reserve Fund	135,000	90,000	45,000	135,000	-
Transfers (out)--					
To Capital Reserve Fund	(3,500)	(3,500)	-	(3,500)	-
Total other financing sources	428,500	336,500	45,000	381,500	(47,000)
Net change in fund balance	\$ -	\$ 75,741	(88,193)	\$ (12,452)	\$ (12,452)
Fund balance:					
Beginning of year, July 1			75,741		
End of year, June 30			\$ (12,452)		

City of Jacksonville, North Carolina
Civic Facility Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Contribution - Onslow County	\$ 52,884	\$ 46,500	\$ -	\$ 46,500	\$ (6,384)
Total revenues	52,884	46,500	-	46,500	(6,384)
Expenditures:					
Capital outlay:					
Construction in progress		1,805,844	-	1,805,844	
Total expenditures	11,879,065	1,805,844	-	1,805,844	10,073,221
Revenues (under) expenditures	(11,826,181)	(1,759,344)	-	(1,759,344)	10,066,837
Other financing sources (uses):					
Debt issued	10,000,000	-	-	-	(10,000,000)
Transfers in--					
From Capital Reserve Fund	1,821,181	1,821,181	-	1,821,181	-
From General Fund	145,000	145,000	-	145,000	-
Transfers (out)--					
To General Fund	(140,000)	(140,000)	-	(140,000)	-
Total other financing sources	11,826,181	1,826,181	-	1,826,181	(10,000,000)
Net change in fund balance	\$ -	\$ 66,837	-	\$ 66,837	\$ 66,837
Fund balance:					
Beginning of year, July 1			66,837		
End of year, June 30			\$ 66,837		

City of Jacksonville, North Carolina
Jacksonville Commons Phase II Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Part F Grant	\$ 250,000	\$ 245,721	\$ (20,721)	\$ 225,000	\$ (25,000)
Onslow County Contributions	60,000	60,000	-	60,000	-
Contributions	17,100	17,100	-	17,100	-
Investment Earnings	89,400	4,360	84,366	88,726	(674)
Total revenues	416,500	327,181	63,645	390,826	(25,674)
Expenditures:					
Capital outlay:					
Construction in progress		569,271	1,290,388	1,859,659	
Total expenditures	2,477,204	569,271	1,290,388	1,859,659	617,545
Revenues (under) expenditures	(2,060,704)	(242,090)	(1,226,743)	(1,468,833)	591,871
Other financing sources (uses):					
Debt issued	1,931,841	1,931,841	-	1,931,841	-
Transfers in--					
From Capital Reserve Fund	128,863	3,500	125,363	128,863	-
Total other financing sources	2,060,704	1,935,341	125,363	2,060,704	-
Net change in fund balance	\$ -	\$ 1,693,251	(1,101,380)	\$ 591,871	\$ 591,871
Fund balance:					
Beginning of year, July 1			1,693,251		
End of year, June 30			\$ 591,871		

City of Jacksonville, North Carolina
Sturgeon City Boardwalk II Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Water Access Grant	\$ 359,000	\$ 71,983	\$ 287,017	\$ 359,000	\$ -
Total revenues	359,000	71,983	287,017	359,000	-
Expenditures:					
Capital outlay:					
Construction in progress		115,668	325,807	441,475	
Total expenditures	445,000	115,668	325,807	441,475	3,525
Revenues (under) expenditures	(86,000)	(43,685)	(38,790)	(82,475)	3,525
Other financing sources:					
Transfers in--					
From General Fund	86,000	63,000	23,000	86,000	-
Total other financing sources	86,000	63,000	23,000	86,000	-
Net change in fund balance	\$ -	\$ 19,315	(15,790)	\$ 3,525	\$ 3,525
Fund balance:					
Beginning of year, July 1			19,315		
End of year, June 30			\$ 3,525		

City of Jacksonville, North Carolina
Reserve Ladder Truck Replacement Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment Earnings	\$ 3,862	\$ 3,833	\$ 28	\$ 3,861	\$ (1)
Total revenues	<u>3,862</u>	<u>3,833</u>	<u>28</u>	<u>3,861</u>	<u>(1)</u>
Expenditures:					
Capital outlay:					
Other Improvements		757,258	612	757,870	
Total expenditures	<u>757,871</u>	<u>757,258</u>	<u>612</u>	<u>757,870</u>	<u>1</u>
Revenues (under) expenditures	<u>(754,009)</u>	<u>(753,425)</u>	<u>(584)</u>	<u>(754,009)</u>	<u>-</u>
Other financing sources:					
Debt Issued	700,000	700,000	-	700,000	-
Transfers in--					
From General Fund	175,000	175,000	-	175,000	-
Transfers (out)--					
To Capital Reserve Fund	<u>(120,991)</u>	<u>-</u>	<u>(120,991)</u>	<u>(120,991)</u>	<u>-</u>
Total other financing sources	<u>754,009</u>	<u>875,000</u>	<u>(120,991)</u>	<u>754,009</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 121,575</u>	<u>(121,575)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			<u>121,575</u>		
End of year, June 30			<u>\$ -</u>		

City of Jacksonville, North Carolina
West Gum Branch Fire Station Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	1,425,000	-	-	-	1,425,000
Revenues (under) expenditures	(1,425,000)	-	-	-	1,425,000
Other financing sources:					
Debt issued	1,425,000	-	-	-	(1,425,000)
Total other financing sources	1,425,000	-	-	-	(1,425,000)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -

City of Jacksonville, North Carolina
Indoor Facility Brynn Marr Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	1,350,000	-	-	-	1,350,000
Revenues (under) expenditures	(1,350,000)	-	-	-	1,350,000
Other financing sources:					
Debt issued	1,300,000	-	-	-	(1,300,000)
Transfers in --					
From General Fund	50,000	-	50,000	50,000	-
Total other financing sources	1,350,000	-	50,000	50,000	(1,300,000)
Net change in fund balance	\$ -	\$ -	50,000	\$ 50,000	\$ 50,000
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 50,000		

City of Jacksonville, North Carolina
Police/Fire Facility Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	20,970,104	-	-	-	20,970,104
Revenues (under) expenditures	(20,970,104)	-	-	-	20,970,104
Other financing sources:					
Debt Issued	19,320,952	-	-	-	(19,320,952)
Transfers in --					
From General Fund	1,649,152	970,104	679,048	1,649,152	-
Total other financing sources	20,970,104	970,104	679,048	1,649,152	(19,320,952)
Net change in fund balance	\$ -	\$ 970,104	679,048	\$ 1,649,152	\$ 1,649,152
Fund Balance:					
Beginning of year, July 1			970,104		
End of year, June 30			\$ 1,649,152		

City of Jacksonville, North Carolina
Carolina Forest Park
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Part F Grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenues	500,000	-	-	-	(500,000)
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	1,050,000	-	-	-	1,050,000
Revenues (under) expenditures	(550,000)	-	-	-	550,000
Other financing sources:					
Debt Issued	450,000	-	-	-	(450,000)
Transfers in --					
From General Fund	100,000	-	100,000	100,000	-
Total other financing sources	550,000	-	100,000	100,000	(450,000)
Net change in fund balance	\$ -	\$ -	100,000	\$ 100,000	\$ 100,000
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 100,000		

City of Jacksonville, North Carolina
Youth Center Phase II
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	28,926	28,926	
Total expenditures	30,000	-	28,926	28,926	1,074
Revenues (under) expenditures	(30,000)	-	(28,926)	(28,926)	1,074
Other financing sources:					
Transfers in --					
From General Fund	30,000	-	30,000	30,000	-
Total other financing sources	30,000	-	30,000	30,000	-
Net change in fund balance	\$ -	\$ -	1,074	\$ 1,074	\$ 1,074
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 1,074		

City of Jacksonville, North Carolina
FEMA Firefighter's Assistance
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Firefighter's Assistance Grant	\$ 70,200	\$ -	\$ 70,200	\$ 70,200	\$ -
Total revenues	70,200	-	70,200	70,200	-
Expenditures:					
Capital outlay:					
Other improvements		-	77,995	77,995	
Total expenditures	78,000	-	77,995	77,995	5
Revenues (under) expenditures	(7,800)	-	(7,795)	(7,795)	5
Other financing sources:					
Transfers in --					
From General Fund	7,800	-	7,800	7,800	-
Total other financing sources	7,800	-	7,800	7,800	-
Net change in fund balance	\$ -	\$ -	5	\$ 5	\$ 5
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 5		

WATER AND SEWER FUND

The Water and Sewer Fund is used to account for water and sewer operations in the City of Jacksonville that are financed through user charges.

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Net Assets
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,896,845	\$ 2,907,911
Accounts receivable (net)	2,137,485	1,608,020
Interfund receivables	1,691	45,360
Inventories	570,812	916,373
Prepaid items	603	-
Total Current Assets	<u>4,607,436</u>	<u>5,477,664</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,693,030	2,567,392
Capital assets (net)	85,729,866	79,485,846
Total Noncurrent Assets	<u>87,422,896</u>	<u>82,053,238</u>
Total Assets	<u>92,030,332</u>	<u>87,530,902</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	3,140,085	1,468,203
Interfund payable	1,018,673	33,252
Compensated absences payable-current	11,842	18,151
Installment purchases payable-current	2,974,989	3,069,446
Loans payable-current	1,391,821	1,403,726
Total Current Liabilities	<u>8,537,410</u>	<u>5,992,778</u>
Noncurrent Liabilities:		
Compensated absences payable-noncurrent	183,745	129,772
Unearned revenue	143,561	146,922
Customer deposits	501,629	411,809
Installment purchases payable-noncurrent	15,510,246	18,378,261
Loans payable-noncurrent	14,427,816	11,226,386
Total Noncurrent Liabilities	<u>30,766,997</u>	<u>30,293,150</u>
Total Liabilities	<u>39,304,407</u>	<u>36,285,928</u>
Net Assets		
Invested in capital assets, net of related debt	53,118,024	47,975,419
Unrestricted	<u>(392,099)</u>	<u>3,269,555</u>
Total Net Assets	<u>\$ 52,725,925</u>	<u>\$ 51,244,974</u>

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Charges for services	\$ 16,090,217	\$ 13,331,854
Total operating revenues	<u>16,090,217</u>	<u>13,331,854</u>
Operating expenses:		
Water/Sewer Operations	5,511,454	4,898,483
Water Supply	576,853	507,461
Wastewater Treatment	1,658,177	1,399,066
Non-capitalized expenses - projects	34,901	50,275
Depreciation	<u>5,682,734</u>	<u>5,536,970</u>
Total operating expenses	<u>13,464,119</u>	<u>12,392,255</u>
Operating income	<u>2,626,098</u>	<u>939,599</u>
Nonoperating revenues (expenses):		
Investment earnings	206,548	277,943
Assessments collected	20	12
Interest collected on assessments	2	1
Gain on sale of capital assets	38,400	85,823
Internal Asset Transfer	1,436	-
Interest on long-term debt	<u>(2,160,749)</u>	<u>(1,251,072)</u>
Total nonoperating (expenses)	<u>(1,914,343)</u>	<u>(887,293)</u>
Income (loss) before capital contributions and transfers	<u>711,755</u>	<u>52,306</u>
Capital contributions:		
Developer contributions	<u>342,275</u>	<u>1,055,081</u>
Total capital contributions	<u>342,275</u>	<u>1,055,081</u>
Income before transfers	<u>1,054,030</u>	<u>1,107,387</u>
Transfers:		
Transfers in	426,921	394,408
Transfers (out)	<u>-</u>	<u>(200,000)</u>
Total transfers	<u>426,921</u>	<u>194,408</u>
Increase in Net Assets	1,480,951	1,301,795
Net Assets		
Beginning of year, July 1	<u>51,244,974</u>	<u>49,943,179</u>
End of year, June 30	<u>\$ 52,725,925</u>	<u>\$ 51,244,974</u>

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from customers	\$ 15,507,941	\$ 12,999,050
Cash paid for goods and services	(1,608,635)	(3,583,554)
Cash paid to employees	(4,058,797)	(3,436,202)
Customer deposits	89,820	(5,185)
Net cash provided by operating activities	<u>9,930,329</u>	<u>5,974,109</u>
Cash flows from noncapital financing activities:		
Transfers in	426,921	394,408
Transfers (out)	-	(200,000)
Advances from other funds	985,421	(647,088)
Advances (to) other funds	<u>43,669</u>	<u>(33,425)</u>
Net cash provided (used) by noncapital financing activities	<u>1,456,011</u>	<u>(486,105)</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(4,497,004)	(4,278,022)
Interest paid on long-term debt	(2,160,749)	(1,251,072)
Debt issued	4,724,056	8,460,109
Purchase of capital assets	(11,583,041)	(6,187,907)
Proceeds from sale of assets	38,400	85,823
Assessments collected	20	12
Interest collected on assessments	<u>2</u>	<u>1</u>
Net cash (used) by capital and related financing activities	<u>(13,478,316)</u>	<u>(3,171,056)</u>
Cash flows from investing activities:		
Interest earned on investments	<u>206,548</u>	<u>277,943</u>
Net cash provided by investing activities	<u>206,548</u>	<u>277,943</u>
Net (decrease) in cash and cash equivalents	(1,885,428)	2,594,891
Cash and cash equivalents, July 1	<u>5,475,303</u>	<u>2,880,412</u>
Cash and cash equivalents, June 30	<u><u>\$ 3,589,875</u></u>	<u><u>\$ 5,475,303</u></u>

Continued on next page.

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2008 and 2007

Statement 35,
continued.

	<u>2008</u>	<u>2007</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 2,626,098	\$ 939,599
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,682,734	5,536,970
Bad debt expense	49,449	48,855
Change in assets and liabilities:		
Increase (decrease) in accrued vacation pay/payroll	47,664	26,382
(Increase) decrease in prepaid expenses	(603)	60,424
Increase (decrease) in accounts payable	1,671,882	(347,685)
(Increase) decrease in accounts receivable	(578,915)	(351,889)
(Increase) decrease in inventories	345,561	47,553
Increase (decrease) in unearned revenues	(3,361)	19,085
Increase (decrease) in customer deposits	89,820	(5,185)
Total adjustments	<u>7,304,231</u>	<u>5,034,510</u>
Net cash provided by operating activities	<u>\$ 9,930,329</u>	<u>\$ 5,974,109</u>
Noncash investing, capital, and financing activities:		
Capital contributed by developers	<u>\$ 342,275</u>	<u>\$ 1,055,081</u>

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses—
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 2,630,294	\$ 2,342,958	\$ (287,336)	\$ 2,303,067
Water tap fees	3,000	11,186	8,186	4,778
Water facility fees	175,000	172,169	(2,831)	159,070
Water Meter Purchases	-	65,493	65,493	65,194
Water Plant Expansion	3,471,096	3,242,134	(228,962)	1,731,653
Sewer sales	2,022,109	1,566,939	(455,170)	1,569,354
Sewer tap fees	6,000	6,498	498	9,056
Sewer facility fees	600,000	477,085	(122,915)	584,472
Late penalty charges	95,000	128,832	33,832	96,967
New account service charges	50,000	57,663	7,663	51,670
Interest collected on tap fees	50	-	(50)	-
Inflow and Infiltration Fee	-	506,447	506,447	262,430
Onslow County leachate	35,000	38,219	3,219	37,749
Land application user charge	3,840,000	4,008,823	168,823	4,104,560
Land application late fee	40,000	50,877	10,877	43,221
Land application expansion	3,369,332	3,092,209	(277,123)	1,968,329
Miscellaneous operating revenue	294,667	322,685	28,018	340,284
Total	16,631,548	16,090,217	(541,331)	13,331,854
Nonoperating revenues:				
Interest earned on investments	190,000	206,548	16,548	277,943
Assessments collected	500	20	(480)	12
Interest collected on assessments	100	2	(98)	1
Sale of capital assets	27,000	38,400	11,400	85,823
Developer contributions	-	342,275	342,275	1,055,081
Internal transfer of assets	-	1,436	1,436	-
Total	217,600	588,681	371,081	1,418,860
Total revenues	16,849,148	16,678,898	(170,250)	14,750,714
Expenses:				
Water/Sewer operations				
Administration				
Salaries and employee benefits		228,482		214,739
Supplies		16,445		60,542
Insurance		2,501		2,409
Contracted services-info technology		49,000		31,620
Contracted services		76,866		35,740
Other departmental expenses		224,705		182,381
Overhead allocation from General Fund		1,101,173		734,976
Bad debt expense		49,449		48,855
Total		1,748,621		1,311,262

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Engineering				
Salaries and employee benefits	\$ -	\$ 500,037	\$ -	\$ 398,551
Supplies		12,263		5,290
Insurance		1,809		1,603
Contracted services		68,250		97,474
Contracted services-info technology		45,733		45,674
Other departmental expenses		50,691		34,593
Total		678,783		583,185
Metering distribution				
Salaries and employee benefits		248,107		213,284
Supplies		19,937		15,855
Insurance		3,016		2,691
Utilities		3,279		2,663
Maintenance and repair		233		1,131
Contracted services		735		1,625
Contracted services-info technology		26,133		21,080
Other departmental expenses		57,367		53,045
Total		358,807		311,374
Utilities maintenance				
Salaries and employee benefits		1,087,272		1,051,360
Supplies		102,458		115,777
Insurance		11,252		9,145
Utilities		524,576		623,324
Maintenance and repair		583,676		406,918
Contracted services		75,792		190,697
Contracted services-info technology		68,600		56,214
Other departmental expenses		271,617		239,227
Total		2,725,243		2,692,662
Total Water/Sewer operations	6,918,629	5,511,454	1,407,175	4,898,483
Water supply				
Salaries and employee benefits		369,728		322,229
Supplies		36,144		36,272
Insurance		15,248		6,993
Utilities		2,186		1,698
Maintenance and repair		905		7,960
Contracted services		29,552		16,016
Contracted services-info technology		91,467		91,348
Other departmental expenses		31,623		24,945
Total water supply	643,118	576,853	66,265	507,461

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Wastewater treatment				
Salaries and employee benefits	\$ -	\$ 571,662	\$ -	\$ 527,445
Supplies		117,990		110,022
Insurance		46,302		23,027
Utilities		434,534		485,296
Maintenance and repair		63,134		63,280
Contracted services		231,418		51,835
Contracted services-info technology		62,067		52,700
Other departmental expenses		131,070		85,461
Total wastewater treatment	<u>1,923,197</u>	<u>1,658,177</u>	<u>265,020</u>	<u>1,399,066</u>
Total	<u>9,484,944</u>	<u>7,746,484</u>	<u>1,738,460</u>	<u>6,805,010</u>
Budgetary appropriations:				
Interest paid	2,977,716	2,160,749	816,967	1,251,072
Debt principal	5,980,346	4,497,004	1,483,342	4,278,022
Increase (decrease) in inventory	-	(345,561)	345,561	(47,553)
(Increase) decrease in compensated absences payable	-	(47,664)	47,664	(26,382)
Increase (decrease) in prepaid expenses	-	603	(603)	(60,424)
Debt issued	(130,806)	(130,806)	-	(161,366)
Appropriated retained earnings	(1,572,787)	-	(1,572,787)	-
Transfers (in)--				
From Water/Sewer Capital Projects	(243,773)	(243,773)	-	(274,000)
From Non-Major Governmental Funds	(385,421)	(426,921)	41,500	(394,408)
Transfers out--				
To Water/Sewer Capital Projects	490,000	490,000	-	2,307,728
To Non-Major Enterprise Funds	-	-	-	-
To Non-Major Governmental Funds	-	-	-	200,000
Non-capitalized expenses - projects	-	34,901	(34,901)	50,275
Capital outlay	<u>248,929</u>	<u>195,175</u>	<u>53,754</u>	<u>176,478</u>
Total budgetary appropriations	<u>7,364,204</u>	<u>6,183,707</u>	<u>1,180,497</u>	<u>7,299,442</u>
Total expenses	<u>\$ 16,849,148</u>	<u>\$ 13,930,191</u>	<u>\$ 2,918,957</u>	<u>\$ 14,104,452</u>

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		Variance Positive (Negative)	
Reconciliation of modified accrual basis to full accrual basis:			
Total revenues		\$ 16,678,898	\$ 14,750,714
Total expenses		<u>13,930,191</u>	<u>14,104,452</u>
Revenues over expenses		<u>2,748,707</u>	<u>646,262</u>
Budgetary appropriations (above):			
Payment of debt principal		4,497,004	4,278,022
Debt issued		(130,806)	(161,366)
Increase (decrease) in inventory		(345,561)	(47,553)
(Increase) decrease in compensated absences payable		(47,664)	(26,382)
Increase (decrease) in prepaid expenses		603	(60,424)
Capital outlay		195,175	176,478
Transfers		<u>246,227</u>	<u>2,033,728</u>
Total budgetary appropriations		<u>4,414,978</u>	<u>6,192,503</u>
Depreciation (Statement 34)		<u>(5,682,734)</u>	<u>(5,536,970)</u>
Increase in net assets (Statement 34)		<u>\$ 1,480,951</u>	<u>\$ 1,301,795</u>

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
Water Capital Projects Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Water Meter Purchase	\$ 364,260	\$ 297,098	\$ 65,493	\$ 362,591	\$ (1,669)
Investment earnings	115,249	75,043	7,618	82,661	(32,588)
Total revenues	479,509	372,141	73,111	445,252	(34,257)
Expenses:					
Water tank painting	774,200	740,396	-	740,396	33,804
Water line replacements	2,633,079	1,594,814	103,006	1,697,820	935,259
Lejeune Boulevard water	148,500	-	-	-	148,500
Fire Protection water improvements	205,000	-	-	-	205,000
Million gallon water tank	2,098,841	1,906,453	21,550	1,928,003	170,838
Automated meter reading	3,541,361	3,045,385	443,078	3,488,463	52,898
Well rehabilitation	28,000	-	-	-	28,000
DOT construction water impact	51,765	400	49,260	49,660	2,105
Water treatment plant	32,593,350	4,675,902	5,981,645	10,657,547	21,935,803
Country Club Road widening	65,000	-	-	-	65,000
Total expenses	42,139,096	11,963,350	6,598,539	18,561,889	23,577,207
Revenues (under) expenses	(41,659,587)	(11,591,209)	(6,525,428)	(18,116,637)	23,542,950
Other financing sources:					
Debt issued - Installment purchases	37,950,479	7,525,003	4,593,250	12,118,253	(25,832,226)
Transfers in--					
From Water/Sewer Fund	3,677,817	2,834,558	30,000	2,864,558	(813,259)
From Water/Sewer Capital Reserve	31,291	31,291	-	31,291	-
Total other financing sources	41,659,587	10,390,852	4,623,250	15,014,102	(26,645,485)
Excess of revenues and other sources (under) expenses	\$ -	\$ (1,200,357)	\$ (1,902,178)	\$ (3,102,535)	\$ (3,102,535)

City of Jacksonville, North Carolina
Sewer Capital Projects Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 72,529	\$ 56,748	\$ 12,011	\$ 68,759	\$ (3,770)
Inflow and infiltration fee	1,226,743	695,911	506,447	1,202,358	(24,385)
Gain/loss insurance	69,000	69,000	-	69,000	-
Total revenues	1,368,272	821,659	518,458	1,340,117	(28,155)
Expenses:					
Sewer line replacements	5,980,244	3,717,939	-	3,717,939	2,262,305
Utilities operation center	4,765,697	4,756,423	3,695	4,760,118	5,579
DOT construction sewer impact	1,750,000	184,971	18,065	203,036	1,546,964
Pump station rehabilitation	4,016,346	1,987,859	488,147	2,476,006	1,540,340
Inflow/infiltration	4,565,306	2,504,953	1,326,004	3,830,957	734,349
Relocate utilities bypass	100,000	8,640	16,836	25,476	74,524
Land application expansion	46,500,000	8,047,144	2,966,863	11,014,007	35,485,993
Public Service Complex Phase II	101,500	-	4,620	4,620	96,880
Total expenses	67,779,093	21,207,929	4,824,230	26,032,159	41,746,934
Revenues (under) expenses	(66,410,821)	(20,386,270)	(4,305,772)	(24,692,042)	41,718,779
Other financing sources (uses):					
Debt issued					
Installment purchases	60,327,016	13,815,410	-	13,815,410	(46,511,606)
Transfers in--					
From Water/Sewer Fund	6,681,141	5,184,784	460,000	5,644,784	(1,036,357)
From W/S Capital Reserve Fund	314,283	314,283	-	314,283	-
From W/S Capital Projects	500,000	500,000	-	500,000	-
From General Capital Reserve	41,500	-	41,500	41,500	-
Transfers (out)--					
To Water/Sewer Fund	(1,453,119)	(1,209,345)	(243,773)	(1,453,118)	1
Total other financing sources (uses)	66,410,821	18,605,132	257,727	18,862,859	(47,547,962)
Excess of revenues and other sources over (under) expenses and other uses	\$ -	\$ (1,781,138)	\$ (4,048,045)	\$ (5,829,183)	\$ (5,829,183)

City of Jacksonville, North Carolina
Water/Sewer Capital Reserve Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Interest on investments	\$ 462,691	\$ 453,356	\$ 8,103	\$ 461,459	\$ (1,232)
Total revenues	462,691	453,356	8,103	461,459	(1,232)
Expenses:					
Water supply and distribution	140,476	-	-	-	140,476
Sewage collection and treatment	58,598	-	-	-	58,598
Total expenses	199,074	-	-	-	199,074
Revenues over expenses	263,617	453,356	8,103	461,459	197,842
Other financing sources (uses):					
Transfers in--					
From Water/Sewer Fund	881,931	881,931	-	881,931	-
From Water Capital Projects	441,935	441,935	-	441,935	-
From Sewer Capital Projects	1,471,891	1,471,891	-	1,471,891	-
Transfers (out)--					
To Water/Sewer Fund	(500,000)	(500,000)	-	(500,000)	-
To Water Capital Projects	(270,291)	(270,291)	-	(270,291)	-
To Sewer Capital Projects	(1,249,083)	(1,249,083)	-	(1,249,083)	-
To General Capital Reserve Fund	(1,040,000)	(1,040,000)	-	(1,040,000)	-
Total other financing (uses)	(263,617)	(263,617)	-	(263,617)	-
Excess of revenues and other sources over expenses and other uses	\$ -	\$ 189,739	\$ 8,103	\$ 197,842	\$ 197,842

SOLID WASTE FUND

The Solid Waste Fund is used to account for solid waste collection operations in the City of Jacksonville that are financed through user charges.

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Net Assets
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,098,944	\$ 1,370,435
Accounts receivable (net)	185,987	155,506
Interfund receivables	<u>1,117</u>	<u>30,857</u>
Total Current Assets	<u>2,286,048</u>	<u>1,556,798</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	352,361	318,301
Capital assets (net)	<u>528,015</u>	<u>245,404</u>
Total Non-Current Assets	<u>880,376</u>	<u>563,705</u>
Total Assets	<u>3,166,424</u>	<u>2,120,503</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	205,588	237,069
Interfund payable	70,590	57,892
Installment purchases payable - current	306,949	279,786
Compensated absences payable - current	<u>387</u>	<u>2,804</u>
Total Current Liabilities	<u>583,514</u>	<u>577,551</u>
Noncurrent Liabilities:		
Installment purchases payable - noncurrent	593,420	613,949
Compensated absences payable - noncurrent	<u>73,351</u>	<u>56,858</u>
Total Noncurrent Liabilities	<u>666,771</u>	<u>670,807</u>
Total Liabilities	<u>1,250,285</u>	<u>1,248,358</u>
Net Assets		
Invested in capital assets, net of related debt	273,918	87,473
Unrestricted	<u>1,642,221</u>	<u>784,672</u>
Total Net Assets	<u>\$ 1,916,139</u>	<u>\$ 872,145</u>

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Charges for services	\$ 2,574,942	\$ 2,338,256
Total operating revenues	<u>2,574,942</u>	<u>2,338,256</u>
Operating expenses:		
Solid Waste Operations	4,465,073	4,107,603
Depreciation	<u>137,907</u>	<u>120,836</u>
Total operating expenses	<u>4,602,980</u>	<u>4,228,439</u>
Operating (loss)	<u>(2,028,038)</u>	<u>(1,890,183)</u>
Nonoperating revenues (expenses):		
Investment earnings	52,785	63,865
Gain on sale of fixed assets	26,737	41,000
Interest on long-term debt	<u>(36,624)</u>	<u>(26,758)</u>
Total nonoperating revenues	<u>42,898</u>	<u>78,107</u>
Income (loss) before transfers	<u>(1,985,140)</u>	<u>(1,812,076)</u>
Transfers:		
Transfers in	3,029,134	2,532,839
Transfers (out)	<u>-</u>	<u>-</u>
Total transfers	<u>3,029,134</u>	<u>2,532,839</u>
Change in Net Assets	1,043,994	720,763
Net Assets:		
Beginning of year, July 1	<u>872,145</u>	<u>151,382</u>
End of year, June 30	<u>\$ 1,916,139</u>	<u>\$ 872,145</u>

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,541,652	\$ 2,311,047
Cash paid for goods and services	(3,043,330)	(2,594,343)
Cash paid to employees	(1,436,339)	(1,546,621)
Net cash (used) by operating activities	<u>(1,938,017)</u>	<u>(1,829,917)</u>
Cash flows from noncapital financing activities:		
Transfers in	3,029,134	2,532,839
Transfers (out)	-	-
Advances from other funds	42,438	1,306
Advances (to) other funds	-	(21,617)
Net cash provided (used) by noncapital financing activities	<u>3,071,572</u>	<u>2,512,528</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(340,378)	(259,712)
Interest paid on long-term debt	(36,624)	(26,758)
Debt issued	347,012	312,512
Proceeds from sale of assets	26,737	41,000
Purchase of capital assets	(420,518)	-
Net cash provided by capital and related financing activities	<u>(423,771)</u>	<u>67,042</u>
Cash flows from investing activities:		
Interest earned on investments	<u>52,785</u>	<u>63,865</u>
Net cash provided by investing activities	<u>52,785</u>	<u>63,865</u>
Net increase (decrease) in cash and cash equivalents	762,569	813,518
Cash and cash equivalents, July 1	<u>1,688,736</u>	<u>875,218</u>
Cash and cash equivalents, June 30	<u><u>\$ 2,451,305</u></u>	<u><u>\$ 1,688,736</u></u>

Continued on next page.

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2008 and 2007

Statement 42,
continued.

	<u>2008</u>	<u>2007</u>
Reconciliation of operating (loss) to net cash (used) by operating activities:		
Operating (loss)	\$ (2,028,038)	\$ (1,890,183)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation	137,907	120,836
Bad debt expense	2,809	3,444
Change in assets and liabilities:		
Increase (decrease) in compensated absences payable	14,076	6,054
Increase (decrease) in accounts payable	(31,481)	(42,859)
(Increase) decrease in accounts receivable	(33,290)	(27,209)
Total adjustments	<u>90,021</u>	<u>60,266</u>
Net cash (used) by operating activities	<u><u>\$ (1,938,017)</u></u>	<u><u>\$ (1,829,917)</u></u>

City of Jacksonville, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for sales and services:				
Commercial fees	\$ 1,651,750	\$ 1,845,799	\$ 194,049	\$ 1,650,987
Commercial pickups	3,000	2,705	(295)	2,595
Residential fees	750,443	693,506	(56,937)	653,722
Recycling revenues	-	-	-	(4)
Other operating revenues	21,600	32,932	11,332	30,956
Total operating revenues	2,426,793	2,574,942	148,149	2,338,256
Nonoperating revenues:				
Internal transfer of assets	-	-	-	-
Gain (loss) on sale of fixed assets	10,000	26,737	16,737	41,000
Interest earned on investments	45,000	52,785	7,785	63,865
Total nonoperating revenues	55,000	79,522	24,522	104,865
Total revenues	2,481,793	2,654,464	172,671	2,443,121
Expenses:				
Salaries and employee benefits		1,450,415		1,333,004
Unleaded fuel		151,668		113,727
Maintenance and repair		223,439		201,670
Non-capital equipment		349		3,661
Contracted services - landfill		2,178,349		1,995,503
Contracted services - internal services		53,709		55,493
Bad debt expense		2,809		3,444
Overhead allocation from general fund		226,528		219,671
Other expenses		177,807		181,430
Total		4,465,073	(4,465,073)	4,107,603
Budgetary appropriations:				
Interest paid	37,148	36,624	524	26,758
Debt principal	340,381	340,378	3	259,712
(Increase) in compensated absences payable	-	(14,076)	14,076	(6,054)
Debt issued	(347,012)	(347,012)	-	(312,512)
Transfers (in)--				
From General Fund	(3,029,134)	(3,029,134)	-	(2,532,839)
Transfers out--				
To Special Revenue Fund	-	-	-	-
Capital outlay	664,771	420,518	244,253	-
Appropriated retained earnings	(467,492)	-	(467,492)	-
Total budgetary appropriations	(2,801,338)	(2,592,702)	(208,636)	(2,564,935)
Total expenses	\$ (2,801,338)	\$ 1,872,371	\$ (4,673,709)	\$ 1,542,668

Continued on next page.

City of Jacksonville, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2006

	<u>2008</u>		<u>2007</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Reconciliation of modified accrual basis to full accrual basis:			
Total revenues		\$ 2,654,464	\$ 2,443,121
Total expenses		<u>1,872,371</u>	<u>1,542,668</u>
Excess of revenues over expenses		<u>782,093</u>	<u>900,453</u>
Budgetary appropriations (above):			
Payment of debt principal		340,378	259,712
Debt issued		(347,012)	(312,512)
(Increase) in compensated absences payable		(14,076)	(6,054)
Capital outlay		<u>420,518</u>	<u>-</u>
Total budgetary appropriations		399,808	(58,854)
Depreciation (Statement 41)		<u>(137,907)</u>	<u>(120,836)</u>
Change in Net Assets (Statement 41)		<u>\$ 1,043,994</u>	<u>\$ 720,763</u>

Note: Prepared on the budgetary basis, which is modified accrual.



NON-MAJOR FUNDS

- Non-Major Governmental Funds
- Non-Major Enterprise Funds
- Internal Service Funds



NON-MAJOR GOVERNMENTAL FUNDS

The Non-Major Governmental Combining Statements show a combined total for all non-major governmental funds.

INDIVIDUAL FUND DESCRIPTIONS

Community Development Fund:

Community Development Block Grant – accounts for the revenues and expenditures of Community Development Block Grant programs.

CREATE Project – accounts for the revenues and expenditures of the CREATE Project.

Continuum of Care Project – accounts for the revenues and expenditures of the Continuum of Care Project.

Economic Development Project – accounts for the revenues and expenditures of the Economic Development Project.

Affordable Housing Construction Project – accounts for the revenues and expenditures of the Affordable Housing Construction Project.

Law Enforcement Grants Fund:

School Resource Officer Grant – accounts for the revenues and expenditures of the School Resource Officer Program.

Bulletproof Vest Grant – accounts for the revenues and expenditures of the Bulletproof Vest Grant Program.

Sandy Run Mentoring Program – accounts for the revenues and expenditures of the Sandy Run Mentoring Program.

Governor's Crime Commission Grant Project – accounts for the revenues and expenditures of the Governor's Crime Commission Grant 2005 Project.

Governor's Highway Safety Grant – accounts for the revenues and expenditures of the Governor's Highway Safety Grant Program.

Homeland Security Grant – accounts for the revenues and expenditures of the Homeland Security Grant.

Justice Assistance Grant – accounts for the revenues and expenditures of the Justice Assistance Grant.

Federal DEA Project – accounts for the revenues and expenditures of the Federal DEA Project.

NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

State DEA Project – accounts for the revenues and expenditures of the State DEA Project.

E-911 Fund:

E-911 – accounts for the revenues and expenditures of the Enhanced E-911 Operation.

Wireless 911 – accounts for the revenues and expenditures of the Wireless 911 Operation.

Transportation Fund:

City Transit System Project – accounts for the revenues and expenditures of the City Transit System Project.

Transit Implementation Plan Project – accounts for the revenues and expenditures of the Transit Implementation Plan Project.

Non-Capitalized Projects Fund:

NOAA Chaney Creek Restoration Grant Project – accounts for the revenues and expenditures of the NOAA Chaney Creek Restoration Grant Project.

NC Aquatic Weed Control Project – accounts for the revenues and expenditures of the NC Aquatic Weed Control Project.

Jacksonville Business Park Certification Project – accounts for the revenues and expenditures of the Jacksonville Business Park Certification Project.

Northeast Creek Lagoons Project – accounts for the revenues and expenditures of the Northeast Creek Lagoons Project.

Dewitt Street Project – accounts for the revenues and expenditures of the Dewitt Street Project.

Street Improvements Fund:

Streets Powell Bill Capital Project – accounts for the funds used in the rehabilitation of streets primarily funded by Powell Bill revenues.

General Capital Reserve Fund – accounts for funds reserved by City Council for future capital improvements.



City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet

June 30, 2008

With Comparative Totals for June 30, 2007

	Community Development Fund					
	CDBG	CREATE Project	Continuum of Care	Economic Development	Affordable Housing Construction	Public Private Partnerships
Assets						
Cash and cash equivalents	\$ 15,400	\$ -	\$ 25,050	\$ 54,100	\$ 360,388	\$ 10,597
Restricted cash and cash equivalents	-	-	-	-	-	-
Accounts receivable	6,631	-	-	-	-	-
Notes receivable	1,749,301	-	-	-	-	-
Interfund receivable	-	-	-	-	3,182	-
Total Assets	\$ 1,771,332	\$ -	\$ 25,050	\$ 54,100	\$ 363,570	\$ 10,597
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 629,927	\$ 346	\$ -	\$ -	\$ -	\$ -
Interfund payable	5,616	31,725	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total Liabilities	635,543	32,071	-	-	-	-
Fund Balance - Reserved:						
Reserved by grantor	1,131,903	-	-	-	-	-
Reserved for encumbrances	3,900	-	-	-	-	-
Reserved for Powell Bill	-	-	-	-	-	-
Reserved for drug enforcement	-	-	-	-	-	-
Reserved for US agencies	-	-	-	-	-	-
Total Reserved	1,135,803	-	-	-	-	-
Unreserved/Designated						
Designated for subsequent year's expenditures:						
Special Revenue Funds	-	-	25,050	54,100	363,570	10,597
Capital Projects Fund - Streets	-	-	-	-	-	-
Capital Reserve Fund	-	-	-	-	-	-
Unreserved/Undesignated						
Special Revenue Funds	(14)	(32,071)	-	-	-	-
Total Fund Balance	1,135,789	(32,071)	25,050	54,100	363,570	10,597
Total Liabilities and Fund Balances	\$ 1,771,332	\$ -	\$ 25,050	\$ 54,100	\$ 363,570	\$ 10,597

Law Enforcement Grants Fund							
School Resource Officer	Bulletproof Vest	Governor's Crime Commission	Governor's Highway Safety	Homeland Security	Justice Assistance	Federal DEA	State DEA
\$ 79,616	\$ 40,856	\$ -	\$ 2,190	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	22,942	101,340
-	6,773	-	-	-	15,544	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 79,616</u>	<u>\$ 47,629</u>	<u>\$ -</u>	<u>\$ 2,190</u>	<u>\$ -</u>	<u>\$ 15,544</u>	<u>\$ 22,942</u>	<u>\$ 101,340</u>
\$ 5,814	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,359	-	-	-	-	15,544	-	-
-	-	-	-	-	-	-	-
<u>7,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,544</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	22,942	101,340
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,942</u>	<u>101,340</u>
72,443	47,629	-	2,190	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>72,443</u>	<u>47,629</u>	<u>-</u>	<u>2,190</u>	<u>-</u>	<u>-</u>	<u>22,942</u>	<u>101,340</u>
<u>\$ 79,616</u>	<u>\$ 47,629</u>	<u>\$ -</u>	<u>\$ 2,190</u>	<u>\$ -</u>	<u>\$ 15,544</u>	<u>\$ 22,942</u>	<u>\$ 101,340</u>

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2008
With Comparative Totals for June 30, 2007

	Law Enforcement Grants Fund			E-911 Fund
	Investigative	Gang	Weed and	Emergency
	Overtime	Enforcement/	Seed	Telephone
		Prevention		System
Assets				
Cash and cash equivalents	\$ 378	\$ 4,517	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	521,095
Accounts receivable	804	4,475	20,449	94,355
Notes receivable	-	-	-	-
Interfund receivable	-	-	-	-
Total Assets	\$ 1,182	\$ 8,992	\$ 20,449	\$ 615,450
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 3,572	\$ 20,897
Interfund payable	-	-	16,877	-
Deferred revenue	-	-	-	-
Total Liabilities	-	-	20,449	20,897
Fund Balance - Reserved:				
Reserved by grantor	-	-	-	-
Reserved for encumbrances	-	1,592	24,225	-
Reserved for Powell Bill	-	-	-	-
Reserved for drug enforcement	-	-	-	8,511
Reserved for US agencies	-	-	-	-
Total Reserved	-	1,592	24,225	8,511
Unreserved/Designated				
Designated for subsequent year's expenditures:				
Special Revenue Funds	1,182	7,400	-	594,553
Capital Projects Fund - Streets	-	-	-	-
Capital Reserve Fund	-	-	-	-
Unreserved/Undesignated				
Special Revenue Funds	-	-	(24,225)	-
Total Fund Balance	1,182	8,992	-	594,553
Total Liabilities and Fund Balances	\$ 1,182	\$ 8,992	\$ 20,449	\$ 615,450

Transportation Fund		Non-Capitalized Projects Fund			Street Improvements Fund	
City Transportation Project	Transit Implementation Plan	NC Aquatic Weed Control	Jacksonville Business Park Certification	Northeast Creek Lagoons	Dewitt Street	Streets Powell Bill
\$ 176,127	\$ 6,009	\$ 3,000	\$ 667	\$ 189,225	\$ 40,250	\$ -
-	-	-	-	-	1,354	2,391,678
130,031	299	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 306,158</u>	<u>\$ 6,308</u>	<u>\$ 3,000</u>	<u>\$ 667</u>	<u>\$ 189,225</u>	<u>\$ 41,604</u>	<u>\$ 2,391,678</u>
\$ 65,013	\$ 187	\$ -	\$ -	\$ -	\$ -	\$ 4,500
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>65,013</u>	<u>187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,500</u>
-	-	-	-	-	-	-
568,471	4,035	-	-	-	5,542	15,000
-	-	-	-	-	-	2,372,178
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>568,471</u>	<u>4,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,542</u>	<u>2,387,178</u>
-	2,086	3,000	667	189,225	-	-
-	-	-	-	-	36,062	-
-	-	-	-	-	-	-
<u>(327,326)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>241,145</u>	<u>6,121</u>	<u>3,000</u>	<u>667</u>	<u>189,225</u>	<u>41,604</u>	<u>2,387,178</u>
<u>\$ 306,158</u>	<u>\$ 6,308</u>	<u>\$ 3,000</u>	<u>\$ 667</u>	<u>\$ 189,225</u>	<u>\$ 41,604</u>	<u>\$ 2,391,678</u>

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2008
With Comparative Totals for June 30, 2007

	General Capital Reserve Fund	Total	
		June 30, 2008	June 30, 2007
Assets			
Cash and cash equivalents	\$ 2,141,509	\$ 3,149,879	\$ 4,437,802
Restricted cash and cash equivalents	-	3,046,920	2,428,009
Accounts receivable	1,806	281,167	365,399
Notes receivable	-	1,749,301	1,559,009
Interfund receivable	-	3,182	43
Total Assets	<u>\$ 2,143,315</u>	<u>\$ 8,230,449</u>	<u>\$ 8,790,262</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 730,256	\$ 1,065,473
Interfund payable	-	71,121	220,743
Deferred revenue	1,806	1,806	14,646
Total Liabilities	<u>1,806</u>	<u>803,183</u>	<u>1,300,862</u>
Fund Balance - Reserved:			
Reserved by grantor	-	1,131,903	865,790
Reserved for encumbrances	-	622,765	207,590
Reserved for Powell Bill	-	2,372,178	1,676,267
Reserved for drug enforcement	-	132,793	212,138
Reserved for US agencies	1,730	1,730	6,479
Total Reserved	<u>1,730</u>	<u>4,261,369</u>	<u>2,968,264</u>
Unreserved/Designated			
Designated for subsequent year's expenditures:			
Special Revenue Funds	-	1,373,692	-
Capital Projects Fund - Streets	-	36,062	289,528
Capital Reserve Fund	2,139,779	2,139,779	3,058,622
Unreserved/Undesignated			
Special Revenue Funds	<u>-</u>	<u>(383,636)</u>	<u>(55,507)</u>
Total Fund Balance	<u>2,141,509</u>	<u>7,427,266</u>	<u>6,260,907</u>
Total Liabilities and Fund Balances	<u>\$ 2,143,315</u>	<u>\$ 8,230,449</u>	<u>\$ 7,561,769</u>

Reconciliation of the Non-Major Governmental Funds
Combining Balance Sheet to Exhibit C

Note: Reconciliation of Interfund Receivable (Payable) to Exhibit C:

Interfund Receivable	\$ 3,182	Interfund Payable	\$ 71,121
Less interfund receivable within the		Less interfund payable within the	
Non-Major Governmental Funds	(3,182)	Non-Major Governmental Funds	(3,182)
Exhibit C	<u>\$ -</u>	Exhibit C	<u>\$ 67,939</u>

Note: Reconciliation of Total Assets, and Total Liabilities and Fund Balances to Exhibit C:

Total Assets	\$ 8,174,691	Total Liabilities and Fund Balances	\$ 8,174,691
Less interfund receivable within the		Less interfund payable within the	
Non-Major Governmental Funds	(3,182)	Non-Major Governmental Funds	(3,182)
Exhibit C	<u>\$ 8,171,509</u>	Exhibit C	<u>\$ 8,171,509</u>

Note: Reconciliation of Unreserved, Designated Fund Balance and Unreserved, Undesignated Fund Balance to Exhibit C:

Unreserved, designated in Special Revenue	\$ 1,317,934	Unreserved, undesignated in Special Revenue	\$ 1,317,934
Less Unreserved, undesignated		Less Unreserved, undesignated	
in Special Revenue	(383,636)	in Special Revenue	(383,636)
Exhibit C	<u>\$ 934,298</u>	Exhibit C	<u>\$ 934,298</u>

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance

For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

	Community Development Fund					
	CDBG	CREATE Project	Continuum of Care	Economic Development	Affordable Housing Construction	Public-Private Partnerships
Revenues:						
Restricted intergovernmental revenues	\$ 430,830	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	858	-	-	-	3,536	-
Miscellaneous	335,782	-	-	-	20,130	-
Total revenues	767,470	-	-	-	23,666	-
Expenditures:						
General Government	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-	-
Economic and Physical Development	556,634	90,639	50	-	3,840	91,603
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Total expenditures	556,634	90,639	50	-	3,840	91,603
Revenues over (under) expenditures	210,836	(90,639)	(50)	-	19,826	(91,603)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	102,200
Transfers (out)	-	-	-	-	-	-
Debt Issued	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	102,200
Net change in fund balance	210,836	(90,639)	(50)	-	19,826	10,597
Fund balances:						
Beginning of year, July 1	924,953	58,568	25,100	54,100	343,744	-
End of year, June 30	<u>\$ 1,135,789</u>	<u>\$ (32,071)</u>	<u>\$ 25,050</u>	<u>\$ 54,100</u>	<u>\$ 363,570</u>	<u>\$ 10,597</u>

Law Enforcement Grants Fund						
School Resource Officer	Bulletproof Vest	Governor's Crime Commission	Governor's Highway Safety	Homeland Security	Justice Assistance	Federal DEA
\$ 232,051	\$ 9,273	\$ -	\$ 1,116	\$ 2,700	\$ 16,041	\$ 47,793
-	-	-	-	-	-	3,027
-	-	-	-	-	-	-
232,051	9,273	-	1,116	2,700	16,041	50,820
-	-	-	-	-	-	-
-	-	-	-	-	-	-
349,523	16,618	4,571	11,417	-	19,901	103,972
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	2,700	-	22,631
-	-	-	-	-	-	-
-	-	-	-	-	-	-
349,523	16,618	4,571	11,417	2,700	19,901	126,603
(117,472)	(7,345)	(4,571)	(10,301)	-	(3,860)	(75,783)
150,970	39,000	-	-	-	-	-
-	-	-	(1,684)	-	-	(13,497)
-	-	-	-	-	-	-
150,970	39,000	-	(1,684)	-	-	(13,497)
33,498	31,655	(4,571)	(11,985)	-	(3,860)	(89,280)
38,945	15,974	4,571	14,175	-	3,860	112,222
\$ 72,443	\$ 47,629	\$ -	\$ 2,190	\$ -	\$ -	\$ 22,942

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

	Law Enforcement Grants Fund				
	State DEA	Investigative Overtime	Gang Enforcement/ Prevention	Weed and Seed	Federal Treasury Seizures
Revenues:					
Restricted intergovernmental revenues	\$ 9,948	\$ 3,944	\$ 6,023	\$ 43,308	\$ 8,511
Investment earnings	4,435	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>14,383</u>	<u>3,944</u>	<u>6,023</u>	<u>43,308</u>	<u>8,511</u>
Expenditures:					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	15,074	5,259	8,031	43,308	-
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fees	-	-	-	-	-
Total expenditures	<u>15,074</u>	<u>5,259</u>	<u>8,031</u>	<u>43,308</u>	<u>-</u>
Revenues over (under) expenditures	<u>(691)</u>	<u>(1,315)</u>	<u>(2,008)</u>	<u>-</u>	<u>8,511</u>
Other financing sources (uses):					
Transfers in	-	2,497	11,000	-	-
Transfers (out)	-	-	-	-	-
Debt Issued	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,497</u>	<u>11,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(691)	1,182	8,992	-	8,511
Fund balances:					
Beginning of year, July 1	<u>102,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year, June 30	<u>\$ 101,340</u>	<u>\$ 1,182</u>	<u>\$ 8,992</u>	<u>\$ -</u>	<u>\$ 8,511</u>

E-911 Fund			Transportation Fund		Non-Capitalized Projects Fund	
E-911	Wireless 911	Emergency Telephone System	City Transit System	Transit Implementation Plan	NOAA Chaney Creek Restoration	NC Aquatic Weed Control
\$ 100,475	\$ 110,306	\$ 212,943	\$ 500,972	\$ 10,691	\$ 69,143	\$ -
1,359	7,526	7,266	91	-	-	-
-	-	-	39,998	-	-	-
101,834	117,832	220,209	541,061	10,691	69,143	-
-	-	-	528,096	13,364	69,143	-
-	-	-	-	-	-	-
57,858	21,969	59,402	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,885	(4,885)	11,642	140,778	-	-	-
68,037	-	-	-	-	-	-
11,419	-	-	-	-	-	-
142,199	17,084	71,044	668,874	13,364	69,143	-
(40,365)	100,748	149,165	(127,813)	(2,673)	-	-
120,620	-	445,388	298,424	-	-	-
(167,579)	(445,388)	-	(17,374)	-	-	-
-	-	-	-	-	-	-
(46,959)	(445,388)	445,388	281,050	-	-	-
(87,324)	(344,640)	594,553	153,237	(2,673)	-	-
87,324	344,640	-	87,908	8,794	-	3,000
\$ -	\$ -	\$ 594,553	\$ 241,145	\$ 6,121	\$ -	\$ 3,000

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance

For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

	Non-Capitalized Projects Fund		Street Improvements Fund		General Capital Reserve Fund
	Jacksonville Business Park Certification	Northeast Creek Lagoons	Dewitt Street	Streets Powell Bill	General Capital Reserve Fund
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	3,803	71,410	124,673
Miscellaneous	-	-	-	26,244	7,865
Total revenues	-	-	3,803	97,654	132,538
Expenditures:					
General Government	-	-	-	-	-
Public Works	-	-	290,430	270,882	-
Public Safety	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fees	-	-	-	-	-
Total expenditures	-	-	290,430	270,882	-
Revenues over (under) expenditures	-	-	(286,627)	(173,228)	132,538
Other financing sources (uses):					
Transfers in	-	-	-	884,139	764,226
Transfers (out)	-	-	-	-	(1,820,356)
Debt Issued	-	-	-	-	-
Total other financing sources (uses)	-	-	-	884,139	(1,056,130)
Net change in fund balance	-	-	(286,627)	710,911	(923,592)
Fund balances:					
Beginning of year, July 1	667	189,225	328,231	1,676,267	3,065,101
End of year, June 30	\$ 667	\$ 189,225	\$ 41,604	\$ 2,387,178	\$ 2,141,509

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance

For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

	Totals	
	June 30, 2008	June 30, 2007
Revenues:		
Restricted intergovernmental revenues	\$ 1,816,068	\$ 1,529,574
Investment earnings	227,984	329,138
Miscellaneous	430,019	539,578
Total revenues	<u>2,474,071</u>	<u>2,398,290</u>
Expenditures:		
General Government	610,603	158,611
Public Works	561,312	1,106,383
Public Safety	716,903	645,355
Cultural and Recreational	-	10,775
Economic and Physical Development	742,766	515,734
Capital outlay	177,751	599,271
Debt service:		
Principal retirement	68,037	135,567
Interest and fees	11,419	31,018
Total expenditures	<u>2,888,791</u>	<u>3,202,714</u>
Revenues over (under) expenditures	<u>(414,720)</u>	<u>(804,424)</u>
Other financing sources (uses):		
Transfers in	2,818,464	4,588,780
Transfers (out)	(2,465,878)	(4,692,427)
Debt Issued	-	21,875
Total other financing sources (uses)	<u>352,586</u>	<u>(81,772)</u>
Net change in fund balance	(62,134)	(886,196)
Fund balances:		
Beginning of year, July 1	<u>7,489,400</u>	<u>8,375,596</u>
End of year, June 30	<u>\$ 7,427,266</u>	<u>\$ 7,489,400</u>

Reconciliation to Exhibit D:

Transfers in	\$ 2,818,464	Transfers out	\$ 2,465,878
Transfers within Non-Major Governmental funds	(458,885)	Transfers within Non-Major Governmental funds	(458,885)
	<u>\$ 2,359,579</u>		<u>\$ 2,006,993</u>

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Community Development Block Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Entitlement Grant 2006 CD0601					
Entitlement Grant 2006	\$ 538,743	\$ 128,138	\$ 410,605	\$ 538,743	\$ -
Program income	132,707	932,697	60,693	993,390	860,683
Investment earnings	800	307	854	1,161	361
Total	672,250	1,061,142	472,152	1,533,294	861,044
Entitlement Grant 2003 CD0701					
Entitlement Grant 2007	513,745	-	20,225	20,225	(493,520)
Program income	181,423	-	275,089	275,089	93,666
Investment earnings	455	-	4	4	(451)
Total	695,623	-	295,318	295,318	(400,305)
Total revenues	1,367,873	1,061,142	767,470	1,828,612	460,739
Expenditures:					
Entitlement Grant 2006 CD0601					
Administration		29,533	85,168	114,701	
Housing rehabilitation		77,517	20,872	98,389	
Commercial rehabilitation		91	-	91	
Economic development		-	50,000	50,000	
Affordable housing		61	250,366	250,427	
Clearance		-	350	350	
Acquisition of property		-	2,496	2,496	
Rehabilitation planning		28,987	114,063	143,050	
Partnerships		-	8,000	8,000	
Total	745,917	136,189	531,315	667,504	78,413
Entitlement Grant 2007 CD0701					
Administration		-	8,191	8,191	
Housing rehabilitation		-	450	450	
Commercial rehabilitation		-	-	-	
Economic development		-	-	-	
Affordable housing		-	4	4	
Clearance		-	-	-	
Acquisition of property		-	9,068	9,068	
Rehabilitation planning		-	7,606	7,606	
Partnerships		-	-	-	
Total	695,623	-	25,319	25,319	670,304
Total expenditures	1,441,540	136,189	556,634	692,823	748,717
Revenues over (under) expenditures	(73,667)	924,953	210,836	1,135,789	1,209,456

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Community Development Block Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

Schedule 46,
 continued.

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Other financing sources (uses):					
Transfers in--					
From General Fund	\$ 73,667	\$ -	\$ -	\$ -	\$ (73,667)
Total other financing sources	73,667	-	-	-	(73,667)
Net change in fund balance	<u>\$ -</u>	<u>\$ 924,953</u>	210,836	<u>\$ 1,135,789</u>	<u>\$ 1,135,789</u>
Fund balances:					
Beginning of year, July 1			<u>924,953</u>		
End of year, June 30			<u>\$ 1,135,789</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
CREATE Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Program income	\$ 384,819	\$ 264,819	\$ -	\$ 264,819	\$ 120,000
Total revenues	384,819	264,819	-	264,819	120,000
Expenditures:					
Affordable Housing		284,751	90,639	375,390	
Total expenditures	463,319	284,751	90,639	375,390	87,929
Revenues (under) expenditures	(78,500)	(19,932)	(90,639)	(110,571)	(32,071)
Other financing sources:					
Transfers in--					
From Community Development Grant	78,500	78,500	-	78,500	-
Total other financing sources	78,500	78,500	-	78,500	-
Net change in fund balance	\$ -	\$ 58,568	(90,639)	\$ (32,071)	\$ (32,071)
Fund balances:					
Beginning of year, July 1			58,568		
End of year, June 30			\$ (32,071)		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Continuum of Care Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Continuum of Care		-	50	50	
Total expenditures	25,100	-	50	50	25,050
Revenues (under) expenditures	(25,100)	-	(50)	(50)	25,050
Other financing sources:					
Transfers in--					
From General Fund	25,100	25,100	-	25,100	-
Total other financing sources	25,100	25,100	-	25,100	-
Net change in fund balance	\$ -	\$ 25,100	(50)	\$ 25,050	\$ 25,050
Fund balances:					
Beginning of year, July 1			25,100		
End of year, June 30			\$ 25,050		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Economic Development Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Economic Development		-	-	-	
Total expenditures	54,100	-	-	-	54,100
Revenues (under) expenditures	(54,100)	-	-	-	54,100
Other financing sources:					
Transfers in--					
From General Fund	54,100	54,100	-	54,100	-
Total other financing sources	54,100	54,100	-	54,100	-
Net change in fund balance	\$ -	\$ 54,100	-	\$ 54,100	\$ 54,100
Fund balances:					
Beginning of year, July 1			54,100		
End of year, June 30			\$ 54,100		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Affordable Housing Construction Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Home HM0501					
Program income	\$ 530,377	\$ 427,253	\$ 20,130	\$ 447,383	\$ (82,994)
Investment Earnings	8,698	2,161	3,536	5,697	(3,001)
Total revenues	539,075	429,414	23,666	453,080	(85,995)
Expenditures:					
Operating expenditures		170,023	3,840	173,863	
Total expenditures	623,446	170,023	3,840	173,863	449,583
Revenues over (under) expenditures	(84,371)	259,391	19,826	279,217	363,588
Other financing sources:					
Transfers in--					
From Affordable Home Ownership	84,371	84,353	-	84,353	(18)
Total other financing sources	84,371	84,353	-	84,353	(18)
Net change in fund balance	\$ -	\$ 343,744	19,826	\$ 363,570	\$ 363,570
Fund balances:					
Beginning of year, July 1			343,744		
End of year, June 30			\$ 363,570		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Public Private Partnerships
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures:					
Operating expenditures		-	91,603	91,603	
Total expenditures	102,200	-	91,603	91,603	10,597
Revenues (under) expenditures	(102,200)	-	(91,603)	(91,603)	10,597
Other financing sources:					
Transfers in--					
From General Fund	102,200	-	102,200	102,200	-
Total other financing sources	102,200	-	102,200	102,200	-
Net change in fund balance	\$ -	\$ -	10,597	\$ 10,597	\$ 10,597
Fund balances:					
Beginning of year, July 1			-		
End of year, June 30			\$ 10,597		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
School Resource Officer Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Onslow County Board of Education	\$ 1,989,362	\$ 1,750,879	\$ 232,051	\$ 1,982,930	\$ (6,432)
Investment earnings	8,469	7,376	-	7,376	(1,093)
Total revenues	1,997,831	1,758,255	232,051	1,990,306	(7,525)
Expenditures:					
Salaries and employee benefits		2,111,172	308,402	2,419,574	
Operating expenditures		226,677	41,121	267,798	
Capital outlay		18,125	-	18,125	
Total expenditures	2,785,464	2,355,974	349,523	2,705,497	79,967
Revenues (under) expenditures	(787,633)	(597,719)	(117,472)	(715,191)	72,442
Other financing sources (uses):					
Transfers in--					
From General Fund	934,811	783,841	150,970	934,811	-
Transfers (out)--					
To General Fund	(145,373)	(145,372)	-	(145,372)	1
To Special Revenue Fund- Hurricane Ophelia	(1,805)	(1,805)	-	(1,805)	-
Total other financing sources	787,633	636,664	150,970	787,634	1
Net change in fund balance	\$ -	\$ 38,945	33,498	\$ 72,443	\$ 72,443
Fund balances:					
Beginning of year, July 1			38,945		
End of year, June 30			\$ 72,443		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Bulletproof Vest Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Bureau of Justice grant	\$ 79,787	\$ 71,272	\$ 6,773	\$ 78,045	\$ (1,742)
NCLM Bulletproof grant	14,750	9,750	2,500	12,250	(2,500)
Total revenues	94,537	81,022	9,273	90,295	(4,242)
Expenditures:					
Operating expenditures		143,729	16,618	160,347	
Total expenditures	212,218	143,729	16,618	160,347	51,871
Revenues (under) expenditures	(117,681)	(62,707)	(7,345)	(70,052)	47,629
Other financing sources:					
Transfers in--					
From General Fund	117,681	78,681	39,000	117,681	-
Total other financing sources	117,681	78,681	39,000	117,681	-
Net change in fund balance	\$ -	\$ 15,974	31,655	\$ 47,629	\$ 47,629
Fund balances:					
Beginning of year, July 1			15,974		
End of year, June 30			\$ 47,629		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Governor's Crime Commission Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Governor's Crime Commission Grant 2005	\$ 75,000	\$ 75,000	\$ -	\$ 75,000	\$ -
Total revenues	75,000	75,000	-	75,000	-
Expenditures:					
Operating expenditures		-	4,571	4,571	
Capital outlay		194,100	-	194,100	
Total expenditures	198,671	194,100	4,571	198,671	-
Revenues (under) expenditures	(123,671)	(119,100)	(4,571)	(123,671)	-
Other financing sources:					
Transfers in--					
From General Fund	123,671	123,671	-	123,671	-
Total other financing sources	123,671	123,671	-	123,671	-
Net change in fund balance	\$ -	\$ 4,571	(4,571)	\$ -	\$ -
Fund balances:					
Beginning of year, July 1			4,571		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Governor's Highway Safety Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Governor's Highway Safety Grant 2006	\$ 25,876	\$ 24,760	\$ -	\$ 24,760	\$ (1,116)
Governor's Highway Safety Grant 2007	60,574	59,458	1,116	60,574	-
Total revenues	86,450	84,218	1,116	85,334	(1,116)
Expenditures:					
Governor's Highway Safety Grant 2006					
Operating expenditures		9,535	9,930	19,465	
Capital outlay		29,940	-	29,940	
Total	52,711	39,475	9,930	49,405	3,306
Governor's Highway Safety Grant 2007					
Operating expenditures		8,968	1,487	10,455	
Capital outlay		70,310	-	70,310	
Total	80,765	79,278	1,487	80,765	-
Total expenditures	133,476	118,753	11,417	130,170	3,306
Revenues (under) expenditures	(47,026)	(34,535)	(10,301)	(44,836)	2,190
Other financing sources (uses):					
Debt Issued	21,875	21,875	-	21,875	-
Transfers in--					
From General Fund	26,835	26,835	-	26,835	-
Transfers (out)--					
To General Fund	(1,684)	-	(1,684)	(1,684)	-
Total other financing sources (uses)	47,026	48,710	(1,684)	47,026	-
Net change in fund balance	\$ -	\$ 14,175	(11,985)	\$ 2,190	\$ 2,190
Fund balances:					
Beginning of year, July 1			14,175		
End of year, June 30			\$ 2,190		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Homeland Security Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Homeland Security Program Grant 2005	\$ 363,950	\$ 361,224	\$ 2,700	\$ 363,924	\$ (26)
Total revenues	363,950	361,224	2,700	363,924	(26)
Expenditures:					
Payments to Swansboro		11,499	-	11,499	
Capital outlay		349,725	2,700	352,425	
Total expenditures	363,950	361,224	2,700	363,924	26
Revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Justice Assistance Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Justice Assistance Grant 2005	\$ 26,008	\$ 26,008	\$ -	\$ 26,008	\$ -
Justice Assistance Grant 2006	12,837	12,340	497	12,837	-
Justice Assistance Grant 2007	15,544	-	15,544	15,544	-
Total revenues	54,389	38,348	16,041	54,389	-
Expenditures:					
Justice Assistance Grant 2005					
Capital outlay		29,800	-	29,800	
Total	29,800	29,800	-	29,800	-
Justice Assistance Grant 2006					
Payments to Onslow County		-	497	497	
Operating Expenditures		-	3,860	3,860	
Total	17,085	12,728	4,357	17,085	-
Justice Assistance Grant 2007					
Operating Expenditures		-	15,544	15,544	
Total	15,544	-	15,544	15,544	-
Total expenditures	62,429	42,528	19,901	62,429	-
Revenues (under) expenditures	(8,040)	(4,180)	(3,860)	(8,040)	-
Other financing sources:					
Transfers in--					
From General Fund	8,040	8,040	-	8,040	-
Total other financing sources	8,040	8,040	-	8,040	-
Net change in fund balance	\$ -	\$ 3,860	(3,860)	\$ -	\$ -
Fund balances:					
Beginning of year, July 1			3,860		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Federal DEA Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Drug Enforcement	\$ 295,035	\$ 233,333	\$ 47,793	\$ 281,126	\$ (13,909)
Investment earnings	42,100	28,803	3,027	31,830	(10,270)
Total revenues	337,135	262,136	50,820	312,956	(24,179)
Expenditures:					
Operating expenditures		211,786	103,972	315,758	
Capital outlay		183,294	22,631	205,925	
Total expenditures	568,805	395,080	126,603	521,683	47,122
Revenues (under) expenditures	(231,670)	(132,944)	(75,783)	(208,727)	22,943
Other financing sources (uses):					
Transfers in--					
From General Fund	245,167	245,166	-	245,166	(1)
Transfers (out)--					
To Special Revenue Fund	(13,497)	-	(13,497)	(13,497)	-
Total other financing sources	231,670	245,166	(13,497)	231,669	(1)
Net change in fund balance	\$ -	\$ 112,222	(89,280)	\$ 22,942	\$ 22,942
Fund balances:					
Beginning of year, July 1			112,222		
End of year, June 30			\$ 22,942		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
State DEA Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Drug enforcement	\$ 68,254	\$ 59,268	\$ 9,948	\$ 69,216	\$ 962
Investment earnings	25,000	15,951	4,435	20,386	(4,614)
Total revenues	93,254	75,219	14,383	89,602	(3,652)
Expenditures:					
Operating expenditures		61,499	15,074	76,573	
Capital outlay		73,111	-	73,111	
Total expenditures	254,676	134,610	15,074	149,684	104,992
Revenues (under) expenditures	(161,422)	(59,391)	(691)	(60,082)	101,340
Other financing sources:					
Transfers in--					
From General Fund	161,422	161,422	-	161,422	-
Total other financing sources	161,422	161,422	-	161,422	-
Net change in fund balance	\$ -	\$ 102,031	(691)	\$ 101,340	\$ 101,340
Fund balances:					
Beginning of year, July 1			102,031		
End of year, June 30			\$ 101,340		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Governor's Crime Commission Investigative Overtime Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investigative Overtime Grant	\$ 7,491	\$ -	\$ 3,944	\$ 3,944	\$ (3,547)
Total revenues	7,491	-	3,944	3,944	(3,547)
Expenditures:					
Salaries and employee benefits		-	5,259	5,259	
Total expenditures	9,988	-	5,259	5,259	4,729
Revenues (under) expenditures	(2,497)	-	(1,315)	(1,315)	1,182
Other financing sources:					
Transfers in--					
From Special Revenue Fund	2,497	-	2,497	2,497	-
Total other financing sources	2,497	-	2,497	2,497	-
Net change in fund balance	\$ -	\$ -	1,182	\$ 1,182	\$ 1,182
Fund balances:					
Beginning of year, July 1			-		
End of year, June 30			\$ 1,182		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Governor's Crime Commission Gang Enforcement Prevention Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Gang Enforcement Grant	\$ 32,998	\$ -	\$ 6,023	\$ 6,023	\$ (26,975)
Total revenues	32,998	-	6,023	6,023	(26,975)
Expenditures:					
Salaries and employee benefits		-	1,118	1,118	
Operating Expenditures		-	6,913	6,913	
Total expenditures	43,998	-	8,031	8,031	35,967
Revenues (under) expenditures	(11,000)	-	(2,008)	(2,008)	8,992
Other financing sources:					
Transfers in--					
From Special Revenue Fund	11,000	-	11,000	11,000	-
Total other financing sources	11,000	-	11,000	11,000	-
Net change in fund balance	\$ -	\$ -	8,992	\$ 8,992	\$ 8,992
Fund balances:					
Beginning of year, July 1			-		
End of year, June 30			\$ 8,992		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Department of Justice Weed and Seed Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Weed and Seed Grant	\$ 175,000	\$ -	\$ 43,308	\$ 43,308	\$ (131,692)
Total revenues	175,000	-	43,308	43,308	(131,692)
Expenditures:					
Salaries and employee benefits		-	31,810	31,810	
Operating Expenditures		-	11,498	11,498	
Total expenditures	175,000	-	43,308	43,308	131,692
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Federal Treasury Seizures
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Drug Enforcement	\$ 8,521	\$ -	\$ 8,511	\$ 8,511	\$ (10)
Total revenues	8,521	-	8,511	8,511	(10)
Expenditures:					
Operating Expenditures		-	-	-	
Total expenditures	8,521	-	-	-	8,521
Revenues over expenditures	-	-	8,511	8,511	8,511
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	8,511	<u>\$ 8,511</u>	<u>\$ 8,511</u>
Fund balances:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 8,511</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
E-911

Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 82,534	\$ 81,173	\$ 1,359	\$ 82,532	\$ (2)
Phone surcharge fee	2,339,210	2,238,734	100,475	2,339,209	(1)
Miscellaneous	9,228	9,228	-	9,228	-
Contribution Onslow County	67,416	67,417	-	67,417	1
Total revenues	<u>2,498,388</u>	<u>2,396,552</u>	<u>101,834</u>	<u>2,498,386</u>	<u>(2)</u>
Expenditures:					
Other departmental expenditures		1,601,287	57,859	1,659,146	
Debt service		1,093,077	79,455	1,172,532	
Capital outlay		1,376,158	4,885	1,381,043	
Total expenditures	<u>4,212,723</u>	<u>4,070,522</u>	<u>142,199</u>	<u>4,212,721</u>	<u>2</u>
Revenues (under) expenditures	<u>(1,714,335)</u>	<u>(1,673,970)</u>	<u>(40,365)</u>	<u>(1,714,335)</u>	<u>-</u>
Other financing sources (uses):					
Debt issued	1,288,092	1,288,092	-	1,288,092	-
Transfers in--					
From General Fund	563,330	442,710	120,620	563,330	-
From Proprietary Fund	171,671	171,670	-	171,670	(1)
Transfers (out)--					
To General Fund	<u>(308,758)</u>	<u>(141,178)</u>	<u>(167,579)</u>	<u>(308,757)</u>	<u>1</u>
Total other financing sources	<u>1,714,335</u>	<u>1,761,294</u>	<u>(46,959)</u>	<u>1,714,335</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 87,324</u>	<u>(87,324)</u>	<u>\$ -</u>	<u>-</u>
Fund balances:					
Beginning of year, July 1			<u>87,324</u>		
End of year, June 30			<u>\$ -</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Wireless 911
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Investment earnings	\$ 17,968	\$ 10,441	\$ 7,526	\$ 17,967	\$ (1)
Phone surcharge fee	548,352	438,045	110,306	548,351	(1)
Total revenues	566,320	448,486	117,832	566,318	(2)
Expenditures:					
Other departmental expenditures		50,649	21,969	72,618	
Capital outlay		53,197	(4,885)	48,312	
Total expenditures	120,930	103,846	17,084	120,930	-
Revenues over expenditures	445,390	344,640	100,748	445,388	(2)
Other financing (uses):					
Transfers (out)--					
To General Fund	(445,390)	-	(445,388)	(445,388)	2
Total other financing (uses)	(445,390)	-	(445,388)	(445,388)	2
Net change in fund balance	\$ -	\$ 344,640	(344,640)	\$ -	\$ -
Fund balances:					
Beginning of year, July 1			344,640		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Emergency Telephone System
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 10,000	\$ -	\$ 7,266	\$ 7,266	\$ (2,734)
Phone surcharge fee	250,000	-	212,943	212,943	(37,057)
Total revenues	260,000	-	220,209	220,209	(39,791)
Expenditures:					
Other departmental expenditures		-	59,402	59,402	
Capital outlay		-	11,642	11,642	
Total expenditures	705,390	-	71,044	71,044	634,346
Revenues over (under) expenditures	(445,390)	-	149,165	149,165	594,555
Other financing sources:					
Transfers in--					
Special Revenue Fund	445,390	-	445,388	445,388	(2)
Total other financing sources	445,390	-	445,388	445,388	(2)
Net change in fund balance	\$ -	\$ -	594,553	\$ 594,553	\$ 594,553
Fund balances:					
Beginning of year, July 1			-		
End of year, June 30			\$ 594,553		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
City Transit System Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
FY 2005-2006 Loop	TR0601				
NCDOT SMAP FY 2005-2006	\$ 46,647	\$ 46,647	\$ -	\$ 46,647	\$ -
Loop fares	13,574	13,574	-	13,574	-
Investment earnings	535	535	-	535	-
Total	60,756	60,756	-	60,756	-
FY 2006-2007 Jacksonville Transit	TR0602				
NCDOT SMAP FY 2006-2007	135,332	-	136,676	136,676	1,344
FTA Section 5307	1,158,648	163,005	320,200	483,205	(675,443)
NCDOT State Match	91,575	-	26,632	26,632	(64,943)
Jacksonville Transit Fares	48,564	-	32,913	32,913	(15,651)
ADA Fares	7,000	-	410	410	(6,590)
Total	1,441,119	163,005	516,831	679,836	(761,283)
FY 2006-2007 Loop	TR0701				
NCDOT SMAP FY 2006-2007	49,400	49,400	-	49,400	-
Loop fares	21,327	21,327	-	21,327	-
Investment Earnings	1,386	1,386	-	1,386	-
Total	72,113	72,113	-	72,113	-
FY 2007-2008 Loop	TR0801				
NCDOT SMAP FY 2007-2008	15,000	-	17,464	17,464	2,464
Loop fares	6,675	-	6,675	6,675	-
Investment earnings	150	-	91	91	(59)
Total	21,825	-	24,230	24,230	2,405
FY 2008-2009 Jacksonville Transit	TR0802				
NCDOT SMAP FY 2008-2009	115,673	-	-	-	(115,673)
FTA Section 5307	231,344	-	-	-	(231,344)
Jacksonville Transit Fares	135,030	-	-	-	(135,030)
Total	482,047	-	-	-	(482,047)
Total revenues	2,077,860	295,874	541,061	836,935	(1,240,925)
Expenditures:					
FY 2005-2006 Loop	TR0601				
NCDOT SMAP FY 2005-2006					
Salaries and employee benefits		7,505	-	7,505	
Operating expenditures		102,325	-	102,325	
Total	109,830	109,830	-	109,830	-
FY 2006-2007 Jacksonville Transit	TR0602				
NCDOT SMAP FY 2006-2007					
Salaries and employee benefits		-	55,045	55,045	
Operating expenditures		-	398,659	398,659	
Capital Outlay		196,392	140,778	337,170	
Refund to Grantor		-	32,697	32,697	
Total	1,707,540	196,392	627,179	823,571	883,969

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
City Transit System Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2008

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
FY 2006-2007 Loop	TR0701				
NCDOT SMAP FY 2006-2007					
Salaries and employee benefits		9,732	-	9,732	
Operating expenditures		103,549	-	103,549	
Refund to Grantor		3,423	-	3,423	
Total		<u>116,703</u>	<u>-</u>	<u>116,704</u>	<u>(1)</u>
FY 2007-2008 Loop	TR0801				
NCDOT SMAP FY 2007-2008					
Salaries and employee benefits		-	6,330	6,330	
Operating expenditures		-	35,365	35,365	
Total		<u>42,075</u>	<u>41,695</u>	<u>41,695</u>	<u>380</u>
FY 2008-2009 Jacksonville Transit	TR0802				
NCDOT SMAP FY 2007-2008					
Operating expenditures		-	-	-	
Total		<u>597,720</u>	<u>-</u>	<u>-</u>	<u>597,720</u>
Total expenditures		<u>2,573,868</u>	<u>422,926</u>	<u>1,091,800</u>	<u>1,482,068</u>
Revenues (under) expenditures		<u>(496,008)</u>	<u>(127,052)</u>	<u>(254,865)</u>	<u>241,143</u>
Other financing sources (uses):					
Transfers in--					
From General Fund		567,594	269,170	298,424	-
From Special Revenue Fund		3,027	3,027	-	-
Transfers (out)--					
To Special Revenue Fund		(215)	(215)	-	-
To General Fund		(74,398)	(57,022)	(17,374)	2
Total other financing sources:		<u>496,008</u>	<u>214,960</u>	<u>281,050</u>	<u>2</u>
Net change in fund balance		<u>\$ -</u>	<u>\$ 87,908</u>	<u>\$ 241,145</u>	<u>\$ 241,145</u>
Fund balances:					
Beginning of year, July 1			<u>87,908</u>		
End of year, June 30			<u>\$ 241,145</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Transit Implementation Plan Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
State-104F transportation grant	\$ 20,107	\$ 9,714	\$ 10,691	\$ 20,405	\$ 298
FTA Section 5303 grant	78,966	78,966	-	78,966	-
State-Section 5303 grant	9,870	9,871	-	9,871	1
Investment earnings	29	28	-	28	(1)
Total revenues	<u>108,972</u>	<u>98,579</u>	<u>10,691</u>	<u>109,270</u>	<u>298</u>
Expenditures:					
Operating expenditures		110,850	13,364	124,214	
Total expenditures	<u>130,037</u>	<u>110,850</u>	<u>13,364</u>	<u>124,214</u>	<u>5,823</u>
Revenues (under) expenditures	<u>(21,065)</u>	<u>(12,271)</u>	<u>(2,673)</u>	<u>(14,944)</u>	<u>6,121</u>
Other financing sources:					
Transfers in--					
From General Fund	<u>21,065</u>	<u>21,065</u>	<u>-</u>	<u>21,065</u>	<u>-</u>
Total other financing sources	<u>21,065</u>	<u>21,065</u>	<u>-</u>	<u>21,065</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,794</u>	<u>(2,673)</u>	<u>\$ 6,121</u>	<u>\$ 6,121</u>
Fund balances:					
Beginning of year, July 1			<u>8,794</u>		
End of year, June 30			<u>\$ 6,121</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
NOAA Chaney Creek Restoration Grant Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
NOAA grant	\$ 137,493	\$ 63,127	\$ 69,143	\$ 132,270	\$ (5,223)
Total revenues	137,493	63,127	69,143	132,270	(5,223)
Expenditures:					
Salaries and employee benefits		28,546	-	28,546	
Operating expenditures		34,581	69,143	103,724	
Total expenditures	137,493	63,127	69,143	132,270	5,223
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

City of Jacksonville, North Carolina
Non-Major Governmental Funds
NC Aquatic Weed Control Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Operating expenditures		-	-	-	
Total expenditures	3,000	-	-	-	3,000
Revenues (under) expenditures	(3,000)	-	-	-	(3,000)
Other financing sources:					
Transfers in--					
From General Fund	3,000	3,000	-	3,000	-
Total other financing sources	3,000	3,000	-	3,000	-
Net change in fund balance	\$ -	\$ 3,000	-	\$ 3,000	\$ 3,000
Fund balances:					
Beginning of year, July 1			3,000		
End of year, June 30			\$ 3,000		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Jacksonville Business Park Certification Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Sale of fixed assets	\$ 188,200	\$ 187,214	\$ -	\$ 187,214	\$ (986)
Total revenues	188,200	187,214	-	187,214	(986)
Expenditures:					
Operating expenditures		16,547	-	16,547	
Total expenditures	18,200	16,547	-	16,547	1,653
Revenues over expenditures	170,000	170,667	-	170,667	667
Other financing (uses):					
Transfers (out)--					
To Capital Reserve Fund	(170,000)	(170,000)	-	(170,000)	-
Total other financing (uses)	(170,000)	(170,000)	-	(170,000)	-
Net change in fund balance	\$ -	\$ 667	-	\$ 667	\$ 667
Fund balances:					
Beginning of year, July 1			667		
End of year, June 30			\$ 667		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Northeast Creek Lagoons Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Operating Expenditures		10,775	-	10,775	
Total expenditures	200,000	10,775	-	10,775	189,225
Revenues (under) expenditures	(200,000)	(10,775)	-	(10,775)	(189,225)
Other financing sources:					
Transfers in--					
From Proprietary Fund	200,000	200,000	-	200,000	-
Total other financing sources	200,000	200,000	-	200,000	-
Net change in fund balance	\$ -	\$ 189,225	-	\$ 189,225	\$ 189,225
Fund balances:					
Beginning of year, July 1			189,225		
End of year, June 30			\$ 189,225		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Dewitt Street Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 5,000	\$ -	\$ 3,803	\$ 3,803	\$ (1,197)
Total revenues	<u>5,000</u>	<u>-</u>	<u>3,803</u>	<u>3,803</u>	<u>(1,197)</u>
Expenditures:					
Capital outlay:					
Other improvements		139,596	290,430	430,026	
Total expenditures	<u>472,827</u>	<u>139,596</u>	<u>290,430</u>	<u>430,026</u>	<u>42,801</u>
Revenues (under) expenditures	<u>(467,827)</u>	<u>(139,596)</u>	<u>(286,627)</u>	<u>(426,223)</u>	<u>41,604</u>
Other financing sources:					
Transfers in--					
From General Fund	304,000	304,000	-	304,000	-
From General Fund Powell Bill	<u>163,827</u>	<u>163,827</u>	<u>-</u>	<u>163,827</u>	<u>-</u>
Total other financing sources	<u>467,827</u>	<u>467,827</u>	<u>-</u>	<u>467,827</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 328,231</u>	<u>(286,627)</u>	<u>\$ 41,604</u>	<u>\$ 41,604</u>
Fund balances:					
Beginning of year, July 1			328,231		
End of year, June 30			<u>\$ 41,604</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Streets Powell Bill Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Investment earnings	\$ 1,063,196	\$ 996,738	\$ 71,410	\$ 1,068,148	\$ 4,952
Contributions	321,000	321,000	-	321,000	-
Miscellaneous	40,524	40,523	26,244	66,767	26,243
Total revenues	1,424,720	1,358,261	97,654	1,455,915	31,195
Expenditures:					
Capital outlay:					
Other improvements		14,316,391	270,882	14,587,273	
Total expenditures	17,439,368	14,316,391	270,882	14,587,273	2,852,095
Revenues (under) expenditures	(16,014,648)	(12,958,130)	(173,228)	(13,131,358)	2,883,290
Other financing sources (uses):					
Appropriated fund balance	332,285	-	-	-	(332,285)
Transfers in--					
From General Fund	10,378,475	10,378,475	884,139	11,262,614	884,139
From General Fund - Powell Bill	5,412,528	4,364,562	-	4,364,562	(1,047,966)
From Capital Reserve Fund	352,208	352,208	-	352,208	-
From Community Development Fund	2,496	2,496	-	2,496	-
Transfers (out)--					
To General Fund	(463,344)	(463,344)	-	(463,344)	-
Total other financing sources	16,014,648	14,634,397	884,139	15,518,536	(496,112)
Net change in fund balance	\$ -	\$ 1,676,267	710,911	\$ 2,387,178	\$ 2,387,178
Fund balances:					
Beginning of year, July 1			1,676,267		
End of year, June 30			\$ 2,387,178		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
General Capital Reserve Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Investment earnings	\$ 2,119,989	\$ 1,983,442	\$ 124,673	\$ 2,108,115	\$ (11,874)
Investment earnings-Powell Bill	28,736	28,636	-	28,636	(100)
Onslow County Board of Education	53,000	53,000	-	53,000	-
Contributions from developers	197,555	189,689	7,865	197,554	(1)
Total revenues	2,399,280	2,254,767	132,538	2,387,305	(11,975)
Expenditures:					
Initiatives FY '99	517,932	-	-	-	517,932
Reserve for debt retirement	1,453,346	-	-	-	1,453,346
Reserve for recreation	88,810	-	-	-	88,810
Total expenditures	2,060,088	-	-	-	2,060,088
Revenues over expenditures	339,192	2,254,767	132,538	2,387,305	2,048,113
Other financing sources (uses):					
Transfers in--					
From General Fund	14,237,426	13,473,200	764,226	14,237,426	-
From General Fund - Powell Bill	323,572	323,572	-	323,572	-
From Non-Capital Project Fund	170,000	170,000	-	170,000	-
From Capital Project Funds	133,680	133,252	-	133,252	(428)
From Water/Sewer Fund	5,435,346	5,435,346	-	5,435,346	-
From Water/Sewer Capital Projects	1,040,000	1,040,000	-	1,040,000	-
Transfers (out)--					
To General Fund	(5,907,540)	(4,606,746)	(1,206,972)	(5,813,718)	93,822
To Capital Project Fund	(13,182,295)	(12,995,831)	(186,463)	(13,182,294)	1
To Proprietary Fund	(1,989,381)	(1,562,459)	(426,921)	(1,989,380)	1
To Non-Capital Project Fund	(600,000)	(600,000)	-	(600,000)	-
Total other financing sources (uses)	(339,192)	810,334	(1,056,130)	(245,796)	93,396
Net change in fund balance	\$ -	\$ 3,065,101	(923,592)	\$ 2,141,509	\$ 2,141,509
Fund balance:					
Beginning of year, July 1			3,065,101		
End of year, June 30			\$ 2,141,509		



NON-MAJOR ENTERPRISE FUNDS

The Non-Major Enterprise Funds are used to account for operations in the City of Jacksonville that are financed through user charges.

Individual Fund Description:

Stormwater/Water Quality Fund – accounts for funds used in the construction of facilities to manage stormwater runoff and maintain stormwater drainage ditches.

Stormwater/Water Quality Capital Project Fund – accounts for funds used in the Stormwater/Water Quality Capital Project.

City of Jacksonville, North Carolina
Non-Major Enterprise Fund
Statement of Net Assets
June 30, 2008
With Comparative Totals for June 30, 2007

	Stormwater/Water Quality Fund Totals	
	June 30, 2008	June 30, 2007
Assets		
Current Assets:		
Cash and cash equivalents	\$ 784,036	\$ 675,580
Accounts receivable (net)	122,838	123,093
Interfund receivable	289,594	14,489
Total Current Assets	<u>1,196,468</u>	<u>813,162</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	98,838	170,029
Capital assets (net)	741,530	272,773
Total Capital Assets	<u>840,368</u>	<u>442,802</u>
Total Assets	<u>2,036,836</u>	<u>1,255,964</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	38,776	20,150
Installment purchases payable-current	70,872	52,427
Interfund payable	313,652	16,058
Compensated absences - current	2,165	3,755
Total Current Liabilities	<u>425,465</u>	<u>92,390</u>
Noncurrent Liabilities:		
Compensated absences payable	37,594	29,678
Installment purchases payable-noncurrent	201,977	203,131
Total Noncurrent Liabilities	<u>239,571</u>	<u>232,809</u>
Total Liabilities	<u>665,036</u>	<u>325,199</u>
Net Assets		
Invested in capital assets, net of related debt	567,519	187,244
Unrestricted	804,281	743,521
Total Net Assets	<u>\$ 1,371,800</u>	<u>\$ 930,765</u>

Note: Reconciliation of Interfund Receivable (Payable) to Exhibit F:

Interfund Receivable	\$ 289,594	Interfund Payable	\$ 313,652
Less interfund receivable within the Non-Major Enterprise Funds	(289,111)	Less interfund payable within the Non-Major Enterprise Funds	(289,111)
Exhibit F	<u>\$ 483</u>	Exhibit F	<u>\$ 24,541</u>

City of Jacksonville, North Carolina
Non-Major Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
 For the Fiscal Year Ended June 30, 2008
 With Comparative Totals for the Fiscal Year Ended June 30, 2007

	Stormwater/Water Quality Fund Totals	
	June 30, 2008	June 30, 2007
Operating revenues:		
Total operating revenues	\$ 2,017,348	\$ 1,990,356
Operating expenses:		
Public Works	1,423,292	1,215,289
Depreciation	101,059	67,905
Total operating expenses	1,524,351	1,283,194
Operating income	492,997	707,162
Nonoperating revenues (expenses):		
Miscellaneous credit refund	-	-
Investment earnings	34,464	18,236
Gain on sale of fixed assets	-	1,300
Interest on long-term debt	(11,341)	(2,939)
Total nonoperating revenues	23,123	16,597
Income before transfers	516,120	723,759
Operating transfers		
Transfers in	-	20,000
Transfers (out)	(75,085)	-
Total transfers	(75,085)	20,000
Change in Net Assets	441,035	743,759
Net assets:		
Beginning of year, July 1	930,765	187,006
End of year, June 30	\$ 1,371,800	\$ 930,765

City of Jacksonville, North Carolina
Non-Major Enterprise Fund
Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2008
 With Comparative Totals for the Fiscal Year Ended June 30, 2007

	Stormwater/Water Quality Totals	
	June 30, 2008	June 30, 2007
Cash flows from operating activities:		
Cash received from customers	\$ 2,003,385	\$ 1,855,416
Cash paid for goods and services	(408,432)	(427,811)
Cash paid to employees	(975,689)	(766,943)
Net cash provided (used) by operating activities	619,264	660,662
Cash flows from noncapital financing activities:		
Transfers in	-	20,000
Transfers (out)	(75,085)	-
Advances from other funds	297,594	15,605
Advances to other funds	(275,105)	(13,965)
Net cash provided by noncapital financing activities	(52,596)	21,640
Cash flows from capital and related financing activities:		
Principal paid on long term debt	(67,176)	(17,905)
Interest paid on long term debt	(11,341)	(2,939)
Debt issued	84,466	273,463
Purchase of capital assets	(569,816)	(268,458)
Sale of fixed assets	-	1,300
Net cash (used) by capital and related financing activities	(563,867)	(14,539)
Cash flows from investing activities:		
Interest earned on investments	34,464	18,236
Net cash provided by investing activities	34,464	-
Net increase (decrease) in cash and cash equivalents	37,265	685,999
Cash and cash equivalents, July 1	845,609	159,610
Cash and cash equivalents, June 30	\$ 882,874	\$ 845,609
Reconciliation of operating (loss) to net cash (used) by operating activities:		
Operating gain (loss)	\$ 492,997	\$ 707,162
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation	101,059	67,905
Bad debt expense	14,219	11,847
Change in assets and liabilities:		
Increase (decrease) in accrued vacation pay/payroll	6,326	28,879
(Increase) decrease in accounts receivable	(13,963)	(134,940)
Increase (decrease) in accounts payable	18,626	(20,191)
Total adjustments	126,267	(46,500)
Net cash provided (used) by operating activities	\$ 619,264	\$ 660,662

City of Jacksonville, North Carolina
Stormwater/Water Quality Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Commercial fees	\$ 1,300,000	\$ 1,352,444	\$ 52,444	\$ 1,338,542
Residential fees	650,000	664,904	14,904	651,814
Total operating revenues	<u>1,950,000</u>	<u>2,017,348</u>	<u>67,348</u>	<u>1,990,356</u>
Nonoperating revenues:				
Interest earned on investments	7,000	34,464	27,464	18,236
Gain on sale of fixed assets	-	-	-	1,300
Total nonoperating revenues	<u>7,000</u>	<u>34,464</u>	<u>27,464</u>	<u>19,536</u>
Total revenues	<u>1,957,000</u>	<u>2,051,812</u>	<u>94,812</u>	<u>2,009,892</u>
Expenses:				
Stormwater/Water Quality				
Salaries and employee benefits		717,047		621,159
Supplies		44,608		36,895
Insurance		14,615		8,867
Maintenance and repair		21,101		27,286
Contracted services		78,888		69,839
Contracted services-internal service		56,367		93,238
Bad debt expense		14,219		11,847
Other expenses		211,479		171,495
Overhead Allocation from General Fund		264,968		174,663
Total	<u>1,988,124</u>	<u>1,423,292</u>	<u>564,832</u>	<u>1,215,289</u>
Budgetary appropriations:				
Interest paid	48,567	11,341	37,226	2,939
Debt principal	120,756	67,176	53,580	17,905
(Increase) in compensated absences payable	-	(6,326)	6,326	(28,879)
Debt issued	(84,466)	(84,466)	-	(273,463)
Transfers (in)--				
From General Fund	-	-	-	(20,000)
From Proprietary Fund	-	-	-	-
Transfers out--				
To General Fund	75,085	75,085	-	-
Capital outlay	-	261,741	(261,741)	268,458
Appropriated Retained Earnings	(191,066)	-	(191,066)	-
Total budgetary appropriations	<u>(31,124)</u>	<u>324,551</u>	<u>(355,675)</u>	<u>(33,040)</u>
Total expenses	<u>\$ 1,957,000</u>	<u>\$ 1,747,843</u>	<u>\$ 209,157</u>	<u>\$ 1,182,249</u>

Continued on next page.

City of Jacksonville, North Carolina
Stormwater/Water Quality Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2008
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

Schedule 79,
continued.

	<u>2008</u>		<u>2007</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<u>Variance Positive (Negative)</u>	
Reconciliation of modified accrual basis to full accrual basis:			
Total revenues		\$ 2,051,812	\$ 2,009,892
Total expenses		<u>1,747,843</u>	<u>1,182,249</u>
Excess of revenues over (under) expenses		303,969	827,643
Budgetary appropriations (above):			
Payment of debt principal		67,176	17,905
Debt issued		(84,466)	(273,463)
(Increase) in compensated absences payable		(6,326)	(28,879)
Capital outlay		<u>261,741</u>	<u>268,458</u>
Total budgetary appropriations		238,125	(15,979)
Depreciation		<u>(101,059)</u>	<u>(67,905)</u>
Change in Net Assets (Statement 77)		<u>\$ 441,035</u>	<u>\$ 743,759</u>

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
Stormwater/Water Quality Capital Project Fund
Schedule of Revenues, Expenses and
Budget and Actual (Non-GAAP)
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses:					
Capital outlay:					
Brynn Marr Area	550,000	-	90,517	90,517	459,483
Parkwood Area	526,000	59,965	217,558	277,523	248,477
Total expenses	1,076,000	59,965	308,075	368,040	707,960
Revenues (under) expenses	(1,076,000)	(59,965)	(308,075)	(368,040)	707,960
Other financing sources:					
Debt Issued	1,010,000	-	-	-	(1,010,000)
Transfers in--					
From General Fund	66,000	66,000	-	66,000	-
Total other financing sources	1,076,000	66,000	-	66,000	(1,010,000)
Excess of revenues and other sources over (under) expenses	\$ -	\$ 6,035	\$ (308,075)	\$ (302,040)	\$ (302,040)



INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for services provided to other user departments.

Individual Fund Descriptions:

Fleet Maintenance Internal Service Fund – accounts for fleet management operations provided to City departments.

City Hall Maintenance Internal Service Fund – accounts for building maintenance operations provided to City departments.

Information Technology Services Internal Service Fund – accounts for data processing operations provided to City departments.

Information Technology Services Capital Project Fund – accounts for funds used in obtaining new hardware and software for data processing.

Video/Media Services Internal Service Fund – accounts for video and media operations provided to City departments and Onslow County.

City of Jacksonville, North Carolina
Internal Service Funds
Combining Statement of Net Assets
June 30, 2008
With Comparative Totals for June 30, 2007

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/Media Services	Totals	
					June 30, 2008	June 30, 2007
Assets						
Current Assets:						
Cash and cash equivalents	\$ 100	\$ 206,005	\$ 1,251,538	\$ 385,562	\$ 1,843,205	\$ 1,390,658
Accounts receivable (net)	-	668	1,092	43,419	45,179	3,168
Interfund receivables	289,322	30	332	60	289,744	257,674
Inventories	75,260	-	-	-	75,260	58,379
Prepaid items	-	-	899	179	1,078	3,156
Total Current Assets	<u>364,682</u>	<u>206,703</u>	<u>1,253,861</u>	<u>429,220</u>	<u>2,254,466</u>	<u>1,713,035</u>
Noncurrent Assets:						
Restricted cash and cash equivalents	-	-	164,064	-	164,064	31,608
Capital Assets:						
Capital assets (net)	<u>37,307</u>	<u>-</u>	<u>377,731</u>	<u>44,172</u>	<u>459,210</u>	<u>660,670</u>
Total Assets	<u>401,989</u>	<u>206,703</u>	<u>1,795,656</u>	<u>473,392</u>	<u>2,877,740</u>	<u>2,405,313</u>
Liabilities						
Current Liabilities:						
Accounts payable and accrued liabilities	29,089	8,000	54,060	10,977	102,126	107,077
Interfund payable	48,486	182	32,638	500	81,806	29,075
Current portion of long-term debt	<u>13,794</u>	<u>-</u>	<u>152,222</u>	<u>13,053</u>	<u>179,069</u>	<u>222,402</u>
Total Current Liabilities	<u>91,369</u>	<u>8,182</u>	<u>238,920</u>	<u>24,530</u>	<u>363,001</u>	<u>358,554</u>
Noncurrent Liabilities:						
Compensated absences payable	14,550	1,935	62,740	24,813	104,038	79,682
Noncurrent portion of long-term debt	<u>7,221</u>	<u>-</u>	<u>106,467</u>	<u>8,989</u>	<u>122,677</u>	<u>100,948</u>
Total Noncurrent Liabilities	<u>21,771</u>	<u>1,935</u>	<u>169,207</u>	<u>33,802</u>	<u>226,715</u>	<u>180,630</u>
Total Liabilities	<u>113,140</u>	<u>10,117</u>	<u>408,127</u>	<u>58,332</u>	<u>589,716</u>	<u>539,184</u>
Net Assets						
Invested in capital assets, net of related debt	16,292	-	283,106	22,130	321,528	337,320
Unrestricted	<u>272,557</u>	<u>196,586</u>	<u>1,104,423</u>	<u>392,930</u>	<u>1,966,496</u>	<u>1,528,808</u>
Total Net Assets	<u>\$ 288,849</u>	<u>\$ 196,586</u>	<u>\$ 1,387,529</u>	<u>\$ 415,060</u>	<u>\$ 2,288,024</u>	<u>\$ 1,866,128</u>

Note: Reconciliation of Interfund Receivable (Payable) to Exhibit F:

Interfund Receivable	\$ 289,744	Interfund Payable	\$ 81,806
Less interfund receivable within the Internal Service Funds	(223)	Less interfund payable within the Internal Service Funds	(223)
Exhibit F	<u>\$ 289,521</u>	Exhibit F	<u>\$ 81,583</u>

City of Jacksonville, North Carolina
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/ Media Services	Totals	
					June 30, 2008	June 30, 2007
Operating revenues:						
Charges to other funds	\$ 1,801,038	\$ 229,839	\$ 2,342,205	\$ 280,929	\$ 4,654,011	\$ 3,976,850
Miscellaneous revenue	640	-	9,497	84,423	94,560	35,157
Total operating revenues	<u>1,801,678</u>	<u>229,839</u>	<u>2,351,702</u>	<u>365,352</u>	<u>4,748,571</u>	<u>4,012,007</u>
Operating expenses:						
Operations	1,746,243	214,727	1,787,230	202,855	3,951,055	3,366,731
Depreciation	13,575	-	289,602	43,862	347,039	450,185
Total operating expenses	<u>1,759,818</u>	<u>214,727</u>	<u>2,076,832</u>	<u>246,717</u>	<u>4,298,094</u>	<u>3,816,916</u>
Operating income (loss)	<u>41,860</u>	<u>15,112</u>	<u>274,870</u>	<u>118,635</u>	<u>450,477</u>	<u>195,091</u>
Nonoperating revenues (expenses):						
Investment earnings	156	6,777	29,700	10,573	47,206	62,290
Gain (loss) on sale of capital assets	(71,731)	-	10,355	-	(61,376)	7,610
Interest on long-term debt	(817)	-	(12,433)	(1,161)	(14,411)	(13,043)
Total nonoperating revenues	<u>(72,392)</u>	<u>6,777</u>	<u>27,622</u>	<u>9,412</u>	<u>(28,581)</u>	<u>56,857</u>
Income (loss) before transfers	<u>(30,532)</u>	<u>21,889</u>	<u>302,492</u>	<u>128,047</u>	<u>421,896</u>	<u>251,948</u>
Operating transfers:						
Transfers in	-	-	-	-	-	168,730
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,730</u>
Net income (loss)	(30,532)	21,889	302,492	128,047	421,896	420,678
Net assets:						
Beginning of year, July 1	<u>319,381</u>	<u>174,697</u>	<u>1,085,037</u>	<u>287,013</u>	<u>1,866,128</u>	<u>1,445,450</u>
End of year, June 30	<u>\$ 288,849</u>	<u>\$ 196,586</u>	<u>\$ 1,387,529</u>	<u>\$ 415,060</u>	<u>\$ 2,288,024</u>	<u>\$ 1,866,128</u>

City of Jacksonville, North Carolina
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008
With Comparative Totals for the Fiscal Year Ended June 30, 2007

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/ Media Services	Totals	
					June 30, 2008	June 30, 2007
Cash flows from operating activities:						
Cash receipts from interfund services provided	\$ 1,805,959	\$ 229,839	\$ 2,350,610	\$ 324,433	\$ 4,710,841	\$ 4,017,239
Cash payments for interfund services (used)	(1,761,666)	(220,708)	(1,786,239)	(182,121)	(3,950,734)	(3,303,238)
Net cash provided by operating activities	44,293	9,131	564,371	142,312	760,107	714,001
Cash flows from noncapital financing activities:						
Transfers in	-	-	-	-	-	168,730
Transfers (out)	-	-	-	-	-	-
Advances from other funds	20,086	182	32,412	51	52,731	26,765
Advances (to) other funds	(43,434)	875	8,738	1,751	(32,070)	(52,358)
Net cash provided (used) by noncapital financing activities	(23,348)	1,057	41,150	1,802	20,661	143,137
Cash flows from capital and related financing activities:						
Principal paid on long-term debt	(15,266)	-	(264,870)	(26,469)	(306,605)	(324,759)
Interest paid on long-term debt	(817)	-	(12,433)	(1,161)	(14,411)	(13,043)
Debt issued	-	-	285,000	-	285,000	38,800
Purchase of capital assets	(6,094)	-	(191,247)	(21,035)	(218,376)	(341,274)
Proceeds from sale of assets	1,066	-	10,355	-	11,421	7,610
Net cash (used) for capital and related financing activities	(21,111)	-	(173,195)	(48,665)	(242,971)	(632,666)
Cash flows from investing activities:						
Interest earned on investments	156	6,777	29,700	10,573	47,206	62,290
Net cash provided by investing activities	156	6,777	29,700	10,573	47,206	62,290
Net increase (decrease) in cash and cash equivalents	(10)	16,965	462,026	106,022	585,003	286,762
Cash and cash equivalents, July 1	110	189,040	953,576	279,540	1,422,266	1,135,504
Cash and cash equivalents, June 30	\$ 100	\$ 206,005	\$ 1,415,602	\$ 385,562	\$ 2,007,269	\$ 1,422,266
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income	\$ 41,860	\$ 15,112	\$ 274,870	\$ 118,635	\$ 450,477	\$ 195,091
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	13,575	-	289,602	43,862	347,039	450,185
Change in assets and liabilities:						
Increase (decrease) in compensated absences payable	1,458	614	4,897	17,387	24,356	17,630
(Increase) decrease in prepaid expenses	-	-	2,257	(179)	2,078	(2,712)
Increase (decrease) in accounts payable	-	-	(6,163)	3,526	(2,637)	59,350
(Increase) decrease in inventories	(16,881)	-	-	-	(16,881)	(10,775)
(Increase) decrease accounts receivable	4,281	(6,595)	(1,092)	(40,919)	(44,325)	5,232
Total adjustments	2,433	(5,981)	289,501	23,677	309,630	518,910
Net cash provided by operating activities	\$ 44,293	\$ 9,131	\$ 564,371	\$ 142,312	\$ 760,107	\$ 714,001

City of Jacksonville, North Carolina
Fleet Maintenance Internal Service Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2008

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ 4,500	\$ 156	\$ (4,344)	\$ 3,796
Charges for services	1,714,812	1,801,038	86,226	1,364,566
Sales of capital assets	2,000	(71,731)	(73,731)	1,320
Other operating revenues	-	640	640	734
Total revenues	1,721,312	1,730,103	8,791	1,370,416
Expenses:				
Salaries and employee benefits		431,522		346,855
Fuel		4,568		2,518
Utilities		21,735		18,367
Maintenance and repair		1,141,038		843,483
Other departmental expenses		147,380		149,945
Total	1,795,600	1,746,243	49,357	1,361,168
Budgetary appropriations:				
Interest paid	833	817	16	1,262
Debt principal	15,267	15,266	1	17,192
Increase (decrease) in inventory	-	16,881	(16,881)	10,775
Increase (decrease) in prepaid expense	-	-	-	(444)
(Increase) decrease in compensated absences payable	-	(1,456)	1,456	(898)
Capital outlay	6,100	6,094	6	-
Transfers	-	-	-	(15,000)
Appropriated retained earnings	(96,488)	-	(96,488)	-
Total budgetary appropriations	(74,288)	37,602	(111,890)	12,887
Total expenses	\$ 1,721,312	\$ 1,783,845	\$ (62,533)	\$ 1,374,055
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 1,730,103		\$ 1,370,416
Total expenses		1,783,845		1,374,055
Excess of revenues over (under) expenses		(53,742)		(3,639)
Budgetary appropriations (above):				
Payment of debt principal		15,266		17,192
Increase (decrease) in inventory		16,881		10,775
Increase (decrease) in prepaid expense		-		(444)
(Increase) decrease in compensated absences payable		(1,456)		(898)
Capital outlay		6,094		-
Total budgetary appropriations		36,785		26,625
Depreciation (Statement 82)		(13,575)		(19,569)
Net income (loss) (Statement 82)		\$ (30,532)		\$ 3,417

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
City Hall Maintenance Internal Service Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2008
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ 11,500	\$ 6,777	\$ (4,723)	\$ 11,912
Charges for services	229,839	229,839	-	112,759
Total revenues	241,339	236,616	(4,723)	124,671
Expenses:				
Salaries and employee benefits		42,422		39,675
Utilities		-		74,432
Maintenance and repair		78,030		7,396
Other departmental expenses		94,275		46,910
Total	240,339	214,727	25,612	168,413
Budgetary appropriations:				
(Increase) decrease in compensated absences payable	-	(614)	614	(457)
Appropriated retained earnings	1,000	-	1,000	-
Total budgetary appropriations	1,000	(614)	1,614	(457)
Total expenses	\$ 241,339	214,113	\$ 27,226	\$ 167,956
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 236,616		\$ 124,671
Total expenses		214,113		167,956
Excess of revenues over expenses		22,503		(43,285)
Budgetary appropriations (above):				
(Increase) decrease in compensated absences payable		(614)		(457)
Total budgetary appropriations		(614)		(457)
Net income (Statement 82)		\$ 21,889		\$ (43,742)

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
Information Technology Services Internal Service Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2008
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ 22,500	\$ 29,700	\$ 7,200	\$ 36,354
Charges for services	2,342,205	2,342,205	-	2,157,208
Sales of capital assets	7,000	10,355	3,355	6,290
Other operating revenues	-	9,497	9,497	4,423
Total revenues	2,371,705	2,391,757	20,052	2,204,275
Expenses:				
Salaries and employee benefits		751,952		677,887
Fuel		372		350
Maintenance and repair		31,925		23,005
Contracted services		56,097		98,137
Other departmental expenses		946,884		785,861
Total	2,461,017	1,787,230	673,787	1,585,240
Budgetary appropriations:				
Interest paid	14,001	12,433	1,568	10,576
Debt principal	256,476	264,870	(8,394)	262,238
Debt issued	(220,000)	(220,000)	-	-
Transfers				
(In) from Capital Project Fund	(724)	(3,726)	3,002	-
(In) from General Fund	-	-	-	(5,000)
Out to Capital Project Fund	40,000	40,000	-	-
(Increase) decrease in compensated absences payable	-	(4,899)	4,899	(11,132)
Increase (decrease) in prepaid expense	-	(2,256)	2,256	3,156
Capital outlay	126,118	126,117	1	174,229
Appropriated retained earnings	(305,183)	-	(305,183)	-
Total budgetary appropriations	(89,312)	212,539	(301,851)	434,067
Total expenses	\$ 2,371,705	\$ 1,999,769	\$ 371,936	\$ 2,019,307
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 2,391,757		\$ 2,204,275
Total expenses		1,999,769		2,019,307
Excess of revenues over expenses		391,988		184,968
Budgetary appropriations (above):				
Payment of debt principal		264,870		262,238
Debt issued		(220,000)		-
(Increase) decrease in compensated absences payable		(4,899)		(11,132)
Increase (decrease) in prepaid expense		(2,256)		3,156
Transfer to Capital Project (net) (Schedule 87)		36,274		143,730
Capital outlay		126,117		174,229
Total budgetary appropriations		200,106		572,221
Depreciation (Statement 82)		(289,602)		(388,850)
Net income (Statement 82)		\$ 302,492		\$ 368,339

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
Information Technology Services Capital Project Fund
Schedule of Revenues, Expenses and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 18,423	\$ 9,083	\$ 616	\$ 9,699	\$ (8,724)
Total revenues	18,423	9,083	616	9,699	(8,724)
Expenses:					
Capital outlay:					
Capital acquisition DP0201	766,005	766,005	-	766,005	-
AS400 Life Cycle DP0601	220,787	167,613	-	167,613	53,174
Interactive Voice Response DP0701	155,450	130,577	200	130,777	24,673
Network Infrastructure DP0801	65,000	-	64,930	64,930	70
Total expenses	1,207,242	1,064,195	65,130	1,129,325	77,917
Revenues (under) expenses	(1,188,819)	(1,055,112)	(64,514)	(1,119,626)	69,193
Other financing sources:					
Debt issued	898,810	833,810	65,000	898,810	-
Transfers in--					
From ITS Fund	150,000	110,000	40,000	150,000	-
From General Fund	143,730	143,730	-	143,730	-
Transfer (out)--					
To ITS	(3,721)	-	(3,726)	(3,726)	(5)
	1,188,819	1,087,540	101,274	1,188,814	(5)
Excess of revenues and other sources over expenses	\$ -	\$ 32,428	\$ 36,760	\$ 69,188	\$ 69,188

City of Jacksonville, North Carolina
Video/Media Services Internal Service Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2008
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2007

	2008			2007
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment Earnings	\$ 8,500	\$ 10,573	\$ 2,073	\$ 10,228
Charges for services	280,930	280,929	(1)	342,317
Other operating revenues	100,000	84,423	(15,577)	30,000
Total revenues	389,430	375,925	(13,505)	382,545
Expenses:				
Salaries and employee benefits		146,567		126,833
Maintenance and Repair		413		1,346
Contracted services		6,395	-	44,168
Other departmental expenses		49,480		79,563
Total	300,840	202,855	97,985	251,910
Budgetary appropriations:				
Interest paid	1,191	1,161	30	1,205
Debt principal	26,470	26,469	1	45,329
Debt Issued	-	-	-	(38,800)
Transfers (in)--		-		
From General Fund				(5,000)
(Increase) decrease in compensated absences payable	-	(17,387)	17,387	(5,143)
Capital outlay	26,241	21,035	5,206	17,458
Appropriated retained earnings	34,688	-	34,688	-
Total budgetary appropriations	88,590	31,278	57,312	15,049
Total expenses	\$ 389,430	\$ 234,133	\$ 155,297	\$ 266,959
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 375,925		\$ 382,545
Total expenses		234,133		266,959
Excess of revenues over expenses		141,792		115,586
Budgetary appropriations (above):				
Payment of debt principal		26,469		45,329
Debt Issued		-		(38,800)
Increase in compensated absences payable		(17,387)		(5,143)
Capital outlay		21,035		17,458
Total budgetary appropriations		30,117		18,844
Depreciation (Statement 82)		(43,862)		(41,766)
Net income (Statement 82)		\$ 128,047		\$ 92,664

Note: Prepared on the budgetary basis, which is modified accrual.



GOVERNMENTAL FUNDS CAPITAL ASSETS

The Governmental Funds Capital Assets account for capital assets used in the operation of Governmental Funds, other than those accounted for in the Proprietary Funds.



City of Jacksonville, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Governmental funds capital assets:		
Land	\$ 1,985,324	\$ 1,952,366
Buildings	17,775,187	17,418,152
Equipment	5,507,706	5,244,958
Heavy equipment	359,116	561,677
Vehicles	7,269,338	6,882,635
Infrastructure	29,195,330	27,674,176
Improvements other than buildings	8,982,569	7,370,232
Construction in progress	5,398,467	4,214,483
Total governmental funds capital assets	<u>\$ 76,473,037</u>	<u>\$ 71,318,679</u>
Investment in governmental funds capital assets		
General Fund	\$ 39,466,783	\$ 37,357,279
Major Capital Project Fund	27,104,378	24,221,553
Non-Major Governmental Funds	2,887,447	2,755,618
Donations, court awards, etc.	7,014,429	6,984,229
Total investment in governmental funds capital assets	<u>\$ 76,473,037</u>	<u>\$ 71,318,679</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the Internal Service Funds are excluded from the above amounts. Generally, the capital assets of the Internal Service Funds are included as governmental activities in the statement of net assets.

City of Jacksonville, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2008

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Heavy Equipment</u>	<u>Vehicles</u>
General government:					
Mayor and Council	\$ -	\$ -	\$ -	\$ -	\$ -
City Manager	-	-	-	-	-
Personnel	-	-	6,255	-	-
City Clerk	-	-	-	-	-
Finance	-	-	27,161	-	-
Planning	-	-	73,107	-	73,736
Transportation	-	-	-	-	-
Other-Unclassified	1,244,887	8,637,372	125,768	-	-
Total general government	<u>1,244,887</u>	<u>8,637,372</u>	<u>232,291</u>	<u>-</u>	<u>73,736</u>
Public works:					
Inspections	-	-	24,889	-	165,828
Public works	-	-	-	-	19,929
Engineering	-	-	17,344	-	12,456
Maintenance	38,503	10,689	205,520	22,726	311,216
Steets Powell Bill	67,500	100,209	48,610	217,770	132,192
Street Non-Powell Bill	-	-	243,461	38,964	451,139
Total public works	<u>106,003</u>	<u>110,898</u>	<u>539,824</u>	<u>279,460</u>	<u>1,092,760</u>
Public safety:					
Police	2,758	832,946	3,828,610	5,995	2,901,853
Animal control	-	22,173	-	-	-
Fire	27,000	2,134,776	638,408	18,111	2,614,282
Total public safety	<u>29,758</u>	<u>2,989,895</u>	<u>4,467,018</u>	<u>24,106</u>	<u>5,516,135</u>
Cultural and recreational:					
Recreation	604,676	5,954,979	268,573	55,550	216,234
Economic development:					
Economic development	-	82,043	-	-	370,473
Construction in progress	-	-	-	-	-
Total governmental funds capital assets	<u>\$ 1,985,324</u>	<u>\$ 17,775,187</u>	<u>\$ 5,507,706</u>	<u>\$ 359,116</u>	<u>\$ 7,269,338</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the Internal Service Funds are excluded from the above amounts. Generally, the capital assets of the Internal Service Funds are included as governmental activities in the statement of net assets.

Infrastructure	Improvements other than Buildings	Construction in Progress	Total
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	6,255
-	-	-	-
-	-	-	27,161
-	-	-	146,843
-	-	-	-
-	167,866	-	10,175,893
-	167,866	-	10,356,152
-	-	-	190,717
6,130,325	-	-	6,150,254
-	-	-	29,800
-	-	-	588,654
20,724,769	-	-	21,291,050
397,460	-	-	1,131,024
27,252,554	-	-	29,381,499
-	13,485	-	7,585,647
-	-	-	22,173
-	-	-	5,432,577
-	13,485	-	13,040,397
1,942,776	8,801,218	-	17,844,006
-	-	-	452,516
-	-	5,398,467	5,398,467
\$ 29,195,330	\$ 8,982,569	\$ 5,398,467	\$ 76,473,037

City of Jacksonville, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Fiscal Year Ended June 30, 2008

	Capital Assets 2007	Additions	Deductions	Transfers	Capital Assets 2008
General Government:					
Mayor and Council	\$ -	\$ -	\$ -	\$ -	\$ -
City Manager	-	-	-	-	-
Personnel	-	6,255	-	-	6,255
City Clerk	-	-	-	-	-
Finance	27,161	-	-	-	27,161
Planning	124,916	13,386	-	8,541	146,843
Transportation	-	-	-	-	-
Other-Unclassified	10,046,004	129,889	-	-	10,175,893
Total General Government	<u>10,198,081</u>	<u>149,530</u>	<u>-</u>	<u>8,541</u>	<u>10,356,152</u>
Public Works:					
Inspections	177,716	-	-	13,001	190,717
Public Works	5,430,793	719,461	-	-	6,150,254
Engineering	14,361	29,800	14,361	-	29,800
Maintenance	616,260	34,375	75,544	13,563	588,654
Streets	20,687,908	775,192	172,050	-	21,291,050
Streets Non-Powell Bill	1,131,602	5,897	6,475	-	1,131,024
Total Public Works	<u>28,058,640</u>	<u>1,564,725</u>	<u>268,430</u>	<u>26,564</u>	<u>29,381,499</u>
Public Safety:					
Police	7,060,597	815,127	247,650	(42,427)	7,585,647
Animal Control	22,173	-	-	-	22,173
Fire	5,218,355	211,858	18,521	20,885	5,432,577
Total Public Safety	<u>12,301,125</u>	<u>1,026,985</u>	<u>266,171</u>	<u>(21,542)</u>	<u>13,040,397</u>
Cultural and Recreational:					
Recreation	<u>16,234,612</u>	<u>1,660,987</u>	<u>38,030</u>	<u>(13,563)</u>	<u>17,844,006</u>
Economic Development:					
Economic Development	<u>311,738</u>	<u>140,778</u>	<u>-</u>	<u>-</u>	<u>452,516</u>
Construction in progress	<u>4,214,483</u>	<u>1,183,984</u>	<u>-</u>	<u>-</u>	<u>5,398,467</u>
Total governmental funds capital assets	<u>\$ 71,318,679</u>	<u>\$ 5,726,989</u>	<u>\$ 572,630</u>	<u>\$ -</u>	<u>\$ 76,473,037</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the Internal Service Funds are excluded from the above amounts. Generally, the capital assets of the Internal Service Funds are included as governmental activities in the statement of net assets.

ADDITIONAL FINANCIAL DATA

This section contains the following:

Additional information on property taxes, interfund transfers, and cash and investments.

- * Schedule of Cash and Investment Balances
- * Schedule of Ad Valorem Taxes Receivable
- * Analysis of Current Tax Levy



City of Jacksonville, North Carolina
Schedule of Cash and Investment Balances
June 30, 2008

	Amounts Presented on Statements	Cost Value	Fair Value
Cash:			
On hand	\$ 7,368	\$ 7,368	\$ 7,368
In time deposits			
Certificates of deposit	150,000	150,000	150,000 (a)
NOW, SuperNOW, and money market	<u>7,166,931</u>	<u>7,166,931</u>	<u>7,166,931</u>
Total cash	<u>7,324,299</u>	<u>7,324,299</u>	<u>7,324,299</u>
Other Investments:			
North Carolina Capital Management Trust	18,243,593	18,243,593	18,243,593
U.S. Government Agencies (FHLMC & FNMA)	3,809,879	3,800,090	3,808,137
[Registered in the City's name and held by the City's agent in the City's name]			
Commercial Paper	4,481,282	4,481,282	4,480,428
[Held by the City's Agent in the City's name]			
Total other investments	<u>26,534,754</u>	<u>26,524,965</u>	<u>26,532,158</u>
Total cash and investments	<u>\$ 33,859,053</u>	<u>\$ 33,849,264</u>	<u>\$ 33,856,457</u>
Distribution by Classification:			
Major General:			
Unrestricted		\$ 10,106,531	
Restricted		<u>1,255,168</u>	\$ 11,361,699
Major Capital Projects			
Unrestricted		4,284,487	
Restricted		<u>2,729,797</u>	7,014,284
Major Water and Sewer:			
Unrestricted		1,896,845	
Restricted		<u>1,693,030</u>	3,589,875
Major Solid Waste:			
Unrestricted		2,098,944	
Restricted		<u>352,361</u>	2,451,305
Non-Major Governmental:			
Unrestricted		3,149,879	
Restricted		<u>3,046,920</u>	6,196,799
Non-Major Enterprise			
Unrestricted		784,036	
Restricted		<u>98,838</u>	882,874
Internal Service:			
Unrestricted		1,843,205	
Restricted		<u>164,064</u>	2,007,269
Trust			<u>354,948</u>
Total			<u>\$ 33,859,053</u>

(a) Note: \$150,000 Certificate of Deposit is a compensating balance requirement and is non-interest bearing.

City of Jacksonville, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2008

Fiscal Year	Uncollected Balance June 30, 2007	Additions	Collections and Credits	Uncollected Balance June 30, 2008
2007-08	\$ -	\$ 16,625,906	\$ 16,077,078	\$ 548,828
2006-07	384,813	-	240,533	144,280
2005-06	332,778	-	16,027	316,751
2004-05	205,760	-	8,376	197,384
2003-04	81,930	-	7,727	74,203
2002-03	80,906	-	1,797	79,109
2001-02	73,964	-	1,096	72,868
2000-01	63,645	-	1,284	62,361
1999-00	67,120	-	948	66,172
1998-99	55,772	-	487	55,285
1997-98	44,760	-	44,760	-
	<u>\$ 1,391,448</u>	<u>\$ 16,625,906</u>	<u>\$ 16,400,113</u>	<u>\$ 1,617,241</u>
Less allowance for uncollected ad valorem taxes receivable				<u>282,473</u>
Ad valorem taxes receivable - net				<u>\$ 1,334,768</u>
Reconcilement with revenues:				
Taxes - ad valorem - general fund		\$ 16,301,137		
Penalties and interest		<u>74,588</u>	\$ 16,375,725	
Reconciling items:				
Discoveries and abatements - net			30,241	
Prior year discovery			-	
Taxes written off			44,367	
Adjustments by County due to Statute change			14	
Refunds			5,863	
Interest collected			<u>(56,097)</u>	
Total collections and credits per above			<u>\$ 16,400,113</u>	

City of Jacksonville, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2008

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at					
current year's rate	\$ 2,506,503,805	0.626	\$ 15,690,714	\$ 14,667,370	\$ 1,023,344
Registered motor vehicles					
taxed at prior year's rate	88,496,660	0.5316	470,448	-	470,448
Penalties	-		22,952	22,952	-
	<u>2,595,000,465</u>		<u>16,184,114</u>	<u>14,690,322</u>	<u>1,493,792</u>
Discoveries:					
Current year taxes	78,808,786	0.626	493,343	471,532	21,811
Prior year taxes	-		67,076	58,646	8,430
Total	<u>78,808,786</u>		<u>560,419</u>	<u>530,178</u>	<u>30,241</u>
Abatements	<u>(18,919,340)</u>		<u>(118,627)</u>	<u>(96,623)</u>	<u>(22,004)</u>
Total Property Valuation	<u>\$ 2,654,889,911</u>				
Net Levy			16,625,906	15,123,877	1,502,029
Less uncollected tax at June 30, 2008 (Schedule 93)			<u>(548,828)</u>	<u>(251,928)</u>	<u>(296,900)</u>
Current year's taxes collected			<u>\$ 16,077,078</u>	<u>\$ 14,871,949</u>	<u>\$ 1,205,129</u>
Percent current year collected			<u>96.70%</u>	<u>98.33%</u>	<u>80.23%</u>



STATISTICAL SECTION

Schedules presented in the Statistical Section differ from financial statements because they usually cover more than one fiscal year and may present nonaccounting data. The Statistical Section reflects social and economic data, financial trends and the fiscal capacity of the City.

Contents

Financial Trends (Tables 1-4)

These tables contain trend information to help the reader understand how the City's financial performance has changed over time.

Revenue Capacity (Tables 5-9)

These tables contain information to help the reader assess the City's ability to generate revenue.

Debt Capacity (Tables 10-12)

Information is presented to help the reader assess the City's ability to sustain the current levels of debt as well as its ability to issue additional debt in the future.

Demographic and Economic Information (Tables 13-14)

These tables offer trends in demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (Tables 15-17)

These tables contain information about the City's service levels and capital assets, to include infrastructure, to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.



Table 1

City of Jacksonville, North Carolina
Net Assets by Component
 Last Six Fiscal Years
 (accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 16,427,325	\$ 15,912,944	\$ 23,213,667	\$ 25,150,834	\$ 36,483,370	\$ 40,051,639
Restricted	4,573,546	2,502,145	2,273,770	2,197,646	2,439,679	3,112,204
Unrestricted	21,550,113	26,817,769	23,434,735	25,768,740	25,048,407	23,079,617
Total governmental activities net assets	<u>\$ 42,550,984</u>	<u>\$ 45,232,858</u>	<u>\$ 48,922,172</u>	<u>\$ 53,117,220</u>	<u>\$ 63,971,456</u>	<u>\$ 66,243,460</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 38,166,483	\$ 39,690,632	\$ 41,903,685	\$ 48,924,397	\$ 48,250,136	\$ 53,959,462
Unrestricted	8,125,218	8,622,958	8,413,512	1,357,170	4,797,748	2,054,402
Total business-type activities net assets	<u>\$ 46,291,701</u>	<u>\$ 48,313,590</u>	<u>\$ 50,317,197</u>	<u>\$ 50,281,567</u>	<u>\$ 53,047,884</u>	<u>\$ 56,013,864</u>
Primary government						
Invested in capital assets, net of related debt	\$ 54,593,808	\$ 55,603,576	\$ 65,117,352	\$ 74,075,231	\$ 84,733,506	\$ 94,011,101
Restricted	4,573,546	2,502,145	2,273,770	2,197,646	2,439,679	3,112,204
Unrestricted	29,675,331	35,440,727	31,848,247	27,125,910	29,846,155	25,134,019
Total primary government net assets	<u>\$ 88,842,685</u>	<u>\$ 93,546,448</u>	<u>\$ 99,239,369</u>	<u>\$ 103,398,787</u>	<u>\$ 117,019,340</u>	<u>\$ 122,257,324</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

Table 2

City of Jacksonville, North Carolina
Changes in Net Assets
 Last Six Fiscal Years
 (accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<u>Governmental Activities:</u>						
Expenses						
General government	\$ 4,730,840	\$ 5,602,600	\$ 6,035,971	\$ 6,477,418	\$ 6,347,845	\$ 5,366,793
Public works	5,109,369	4,840,332	5,113,799	5,536,593	5,197,251	5,284,092
Public safety	12,097,573	12,422,979	13,273,334	13,814,184	14,843,992	16,607,850
Economic and physical development	1,527,230	844,064	511,075	1,638,189	309,052	746,743
Environmental protection	2,201,681	2,349,732	1,886,369	1,434	5,200	-
Cultural and recreational	2,375,623	2,461,843	2,708,993	2,750,376	3,080,676	3,570,991
Interest on long-term debt	422,513	450,266	348,277	307,290	252,897	361,140
Total expenses	<u>28,464,829</u>	<u>28,971,816</u>	<u>29,877,818</u>	<u>30,525,484</u>	<u>30,036,913</u>	<u>31,937,609</u>
Program Revenues						
Charges for services:						
General government	59,648	514,483	558,842	640,309	705,226	779,463
Public works	371,541	511,145	645,046	571,493	795,696	741,442
Public safety	290,451	50,249	62,684	64,820	85,997	117,753
Environmental protection	47,499	56,368	-	-	-	-
Cultural and recreational	207,644	232,775	269,760	289,996	328,895	401,834
Operating grants and contributions	4,259,247	3,696,896	2,789,477	3,675,947	2,763,818	3,824,357
Capital grants and contributions	424,171	-	284,282	465,512	1,386,287	1,266,935
Total program revenues	<u>5,660,201</u>	<u>5,061,916</u>	<u>4,610,091</u>	<u>5,708,077</u>	<u>6,065,919</u>	<u>7,131,784</u>
Total Governmental Activities Net Program Expense	<u>(22,804,628)</u>	<u>(23,909,900)</u>	<u>(25,267,727)</u>	<u>(24,817,407)</u>	<u>(23,970,994)</u>	<u>(24,805,825)</u>
General Revenues and Other Changes in Net Assets						
Taxes						
Property taxes	10,573,646	11,039,380	11,558,873	12,257,692	13,541,986	16,556,839
Sales tax	8,716,760	11,079,781	12,355,252	13,407,336	13,185,671	8,507,654
E-911 surcharge	433,023	351,933	380,125	367,294	420,799	423,724
Franchise tax	316,994	243,492	298,129	422,752	310,819	2,623,543
Gross receipts tax on short-term vehicle leases	72,801	83,085	78,488	98,316	104,109	114,395
Unrestricted grants and contributions	3,553,126	2,022,642	1,923,562	2,009,963	2,621,639	420,995
Investment earnings	406,151	308,172	594,463	844,477	1,264,390	1,139,000
Miscellaneous	417,465	1,571,161	3,079,850	2,076,432	6,124,021	672,649
Transfers	397,460	(107,872)	(1,316,668)	(2,461,530)	(2,747,247)	(3,380,970)
Total general revenues and other changes in net assets	<u>24,887,426</u>	<u>26,591,774</u>	<u>28,952,074</u>	<u>29,022,732</u>	<u>34,826,187</u>	<u>27,077,829</u>
Total Governmental Activities Change in Net Assets	<u>\$ 2,082,798</u>	<u>\$ 2,681,874</u>	<u>\$ 3,684,347</u>	<u>\$ 4,205,325</u>	<u>\$ 10,855,193</u>	<u>\$ 2,272,004</u>

Continued on next page.

Table 2, continued.

City of Jacksonville, North Carolina
Changes in Net Assets
 Last Six Fiscal Years
 (accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<u>Business-type Activities:</u>						
Expenses						
Water and Sewer	\$ 9,731,734	\$ 10,231,168	\$ 11,631,347	\$ 12,976,043	\$ 13,643,327	\$ 15,624,868
Solid Waste Disposal	1,445,894	1,495,813	2,179,578	4,867,176	4,255,197	4,639,604
Stormwater/Water Quality	-	100,993	227,645	386,700	1,286,133	1,535,692
Total expenses	<u>11,177,628</u>	<u>11,827,974</u>	<u>14,038,570</u>	<u>18,229,919</u>	<u>19,184,657</u>	<u>21,800,164</u>
Revenues						
Charges for services:						
Water and Sewer	8,207,616	9,402,791	11,441,475	12,167,702	13,331,854	16,090,217
Solid Waste Disposal	1,545,526	1,568,188	2,054,850	2,391,135	2,338,256	2,574,942
Capital grants and contributions	94,932	2,607,471	843,689	714,338	1,990,356	2,017,348
Total revenues	<u>9,848,074</u>	<u>13,578,450</u>	<u>14,340,014</u>	<u>15,273,175</u>	<u>17,660,466</u>	<u>20,682,507</u>
Total Business-type Activities Net Program Expense	<u>(1,329,554)</u>	<u>1,750,476</u>	<u>301,444</u>	<u>(2,956,744)</u>	<u>(1,524,191)</u>	<u>(1,117,657)</u>
Other Changes in Net Assets						
Unrestricted grants and contributions	834,441	-	-	-	-	-
Investment earnings	191,040	163,541	234,690	355,453	360,044	293,797
Miscellaneous	1,696	-	150,805	104,131	1,183,217	408,870
Transfers	(397,460)	107,872	1,316,668	2,461,530	2,747,247	3,380,970
Total Business-type Activities Change in Net Assets	<u>\$ (699,837)</u>	<u>\$ 2,021,889</u>	<u>\$ 2,003,607</u>	<u>\$ (35,630)</u>	<u>\$ 2,766,317</u>	<u>\$ 2,965,980</u>
Total Primary Government Change in Net Assets	<u>\$ 1,382,961</u>	<u>\$ 4,703,763</u>	<u>\$ 5,687,954</u>	<u>\$ 4,169,695</u>	<u>\$ 13,621,510</u>	<u>\$ 5,237,984</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

Table 3

City of Jacksonville, North Carolina
Fund Balances, Governmental Funds
 Last Six Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Fund						
Reserved	\$ 5,722,643	\$ 7,250,330	\$ 5,987,978	\$ 7,014,461	\$ 4,812,557	\$ 7,740,620
Unreserved	6,341,239	6,006,352	8,087,714	7,653,507	9,965,961	7,513,927
Total general fund	<u>\$ 12,063,882</u>	<u>\$ 13,256,682</u>	<u>\$ 14,075,692</u>	<u>\$ 14,667,968</u>	<u>\$ 14,778,518</u>	<u>\$ 15,254,547</u>
All Other Governmental Funds						
Reserved	\$ 5,102,140	\$ 6,258,214	\$ 4,614,185	\$ 4,322,823	\$ 5,129,315	\$ 4,836,876
Unreserved, reported in:						
Capital reserve fund	7,824,674	7,578,191	4,854,928	5,149,649	3,058,622	2,139,779
Capital projects funds	4,846,848	1,901,572	1,967,547	2,296,107	4,169,992	3,912,698
Special revenue funds	234,741	382,770	325,834	643,011	1,173,947	1,026,118
Total all other governmental funds	<u>\$ 18,008,403</u>	<u>\$ 16,120,747</u>	<u>\$ 11,762,494</u>	<u>\$ 12,411,590</u>	<u>\$ 13,531,876</u>	<u>\$ 11,915,471</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

Table 4

City of Jacksonville, North Carolina
Changes in Fund Balances, Governmental Funds
 Last Six Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues:						
Ad valorem taxes	\$ 10,548,669	\$ 10,975,631	\$ 11,436,903	\$ 12,036,716	\$ 13,454,300	\$ 16,375,725
CATV franchise tax ^a	316,994	351,933	380,125	422,752	310,820	32,253
Privilege licenses	433,023	441,964	471,796	548,999	620,597	649,834
Sales tax	8,716,760	11,079,781	12,355,252	13,407,336	13,185,671	8,507,654
Gross receipt on short term vehicle tax	72,801	83,085	78,488	98,316	104,109	114,395
Unrestricted intergovernmental revenues	2,097,237	2,261,182	1,925,113	2,009,407	2,620,232	3,041,423
Restricted intergovernmental revenues	4,664,964	3,948,670	3,273,205	4,508,753	4,554,837	4,747,278
Permits and fees	414,310	556,963	674,892	640,504	842,646	814,318
Sales and services	285,607	322,571	328,873	334,488	398,611	516,940
Investment earnings	393,430	290,558	603,360	801,748	1,266,126	1,192,808
Miscellaneous	413,923	966,217	822,192	778,031	804,395	608,948
Total revenues	<u>28,357,718</u>	<u>31,278,555</u>	<u>32,350,199</u>	<u>35,587,050</u>	<u>38,162,344</u>	<u>36,601,576</u>
Expenditures:						
General government	4,637,283	5,161,564	5,758,657	6,098,696	5,680,777	5,167,232
Public works	3,600,430	4,094,246	4,252,762	4,855,707	5,217,787	4,769,094
Public safety	10,717,917	11,267,042	12,159,602	12,911,973	13,934,643	15,687,749
Environmental protection	2,038,075	2,212,569	1,635,529	-	-	-
Cultural and recreational	1,716,071	1,955,361	2,145,325	2,178,718	2,430,589	5,525,106
Economic and physical development	1,522,149	840,173	506,973	1,492,097	515,734	742,766
Capital outlay	4,109,591	5,222,724	6,669,256	3,190,490	7,695,294	905,810
Non-capitalized expenditures	-	-	-	-	9,312	28,475
Debt service:						
Principal retirement	2,075,658	2,427,681	2,533,964	2,334,137	2,061,532	1,998,485
Interest and fees	393,086	450,266	348,277	307,290	283,915	349,721
Total expenditures	<u>30,810,260</u>	<u>33,631,626</u>	<u>36,010,345</u>	<u>33,369,108</u>	<u>37,829,583</u>	<u>35,174,438</u>
Excess of revenues over (under) expenditures	<u>(2,452,542)</u>	<u>(2,353,071)</u>	<u>(3,660,146)</u>	<u>2,217,942</u>	<u>332,761</u>	<u>1,427,138</u>
Other financing sources (uses):						
Debt issued	6,228,263	1,512,804	1,381,252	1,465,372	3,626,081	775,282
Sales of capital assets	326,082	252,713	54,722	194,110	187,970	39,133
Transfers in	4,075,694	5,571,373	5,699,596	5,715,094	9,872,164	5,484,935
Transfers (out)	(3,678,235)	(5,678,675)	(7,014,667)	(8,351,146)	(12,788,140)	(8,865,905)
Total other financing sources (uses)	<u>6,951,804</u>	<u>1,658,215</u>	<u>120,903</u>	<u>(976,570)</u>	<u>898,075</u>	<u>(2,566,555)</u>
Net change in fund balances	<u>\$ 4,499,262</u>	<u>\$ (694,856)</u>	<u>\$ (3,539,243)</u>	<u>\$ 1,241,372</u>	<u>\$ 1,230,836</u>	<u>\$ (1,139,417)</u>
Debt service as a percentage of noncapital expenditures	10.2%	11.3%	10.9%	9.6%	8.4%	7.4%

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

^a In FY 2008, the State changed the CATV franchise tax from a local tax to a State one, with distributions then made to local governments by the State.

Table 5

City of Jacksonville, North Carolina
Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Less:	Total Taxable Assessed Value	Total Direct Tax Rate Per \$100
	Residential Property	Commercial Property	Motor Vehicles	Other	Tax-Exempt Real Property		
1999	\$ 628,169,757	\$ 353,345,489	\$ 163,031,846	\$ 128,502,224	\$ 3,535,447	\$ 1,269,513,869	0.623
2000	629,513,995	385,831,159	177,455,428	132,269,457	3,416,980	1,321,653,059	0.623
2001	818,802,311	523,496,560	181,669,464	168,114,632	3,956,410	1,688,126,557	0.590
2002	863,378,134	529,167,243	195,018,122	180,078,672	4,115,883	1,763,526,288	0.590
2003	910,958,129	512,413,947	194,432,457	178,429,500	6,222,756	1,790,011,277	0.590
2004	936,667,645	550,106,394	197,633,131	184,821,035	7,475,104	1,861,753,101	0.590
2005	984,260,984	553,646,804	203,439,744	203,060,465	7,492,126	1,936,915,871	0.590
2006	1,081,307,838	508,850,748	232,245,868	218,816,080	7,159,337	2,034,061,197	0.590
2007	1,348,557,124	723,939,542	236,690,225	221,312,627	9,928,523	2,520,570,995	0.5316
2008	1,405,026,297	757,431,773	252,458,549	250,019,573	10,046,281	2,654,889,911	0.6260

Source: Onslow County Tax Administrator/Collector

Notes: Property in Onslow County is reassessed once every eight years on average; however, the most recent revaluation in 2006 was conducted only five years after the previous one. The county assesses property at 100 percent of actual value. Tax rates are per \$100 of assessed value.

Table 6

City of Jacksonville, North Carolina
Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates	Total
	Basic Rate	Council-Directed Capital Projects Initiative	Total Direct Rate	Onslow County	
1999	0.583	0.04	0.623	0.694	1.317
2000	0.583	0.04	0.623	0.694	1.317
2001	0.550	0.04	0.590	0.630	1.220
2002	0.550	0.04	0.590	0.690	1.280
2003	0.550	0.04	0.590	0.680	1.270
2004	0.550	0.04	0.590	0.670	1.260
2005	0.550	0.04	0.590	0.670	1.260
2006	0.550	0.04	0.590	0.670	1.260
2007	0.4532	0.0784	0.5316	0.503	1.035
2008	0.5576	0.0684	0.6260	0.503	1.129

Sources: City Finance Office and Onslow County Tax Administrator/Collector

Notes:

1. In FY1999, Council approved a seven-cent property tax increase. Four cents of the increase was to be used for the Capital Improvement Program (CIP), through which funds would be set aside for future quality of life initiatives.
2. In FY2001, the property tax rate was decreased by 3.3 cents in response to the County's property revaluation in tax year 2000, which resulted in a 21% increase in property values.
3. In FY2007, the property tax rate was decreased by 5.84 cents after the County's 2006 property revaluation, which resulted in a 17% increase in property values. Additionally, the amount allocated for Council-directed initiatives was increased by 3.84 cents to pay for 1/2 year of debt service for the planned Public Safety Building.

Table 7

City of Jacksonville, North Carolina
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Crown America Acquisition LP	\$ 37,043,405	1	1.40 %	\$ 19,738,097	1	1.55 %
Carolina Telephone & Telegraph	26,018,560	2	0.98	16,170,078	2	1.27
Jones-Onslow EMC	20,834,046	3	0.78	11,062,106	3	0.87
Progress Energy	17,265,646	4	0.65	-		0.00
Puller Place, LLC	15,453,737	5	0.58	-		0.00
EDS Information Systems, LLC	15,117,129	6	0.57	-		0.00
Marine Federal Credit Union	14,430,697	7	0.54	-		0.00
Jacksonville Commons	13,659,132	8	0.51	-		0.00
G&I VI Liberty Crossing LP	12,743,966	9	0.48	-		0.00
New River Associates, LLC	12,347,078	10	0.47	8,091,532	9	0.64
United Dominion Realty Trust				10,906,872	4	0.86
Bailey & Associated inc.				8,635,930	5	0.68
Wal-Mart Stores Inc. 6573				8,439,393	6	0.66
Progress Energy				8,400,094	7	0.66
Lowes Investment Corp.				8,318,819	8	0.66
John T. Eagan, Jr.				7,165,248	10	0.56
						0.00
Total	<u>\$ 184,913,396</u>		<u>6.96 %</u>	<u>\$ 106,928,169</u>		<u>8.41 %</u>

Source: Onslow County Tax Administrator/Collector

Table 8

City of Jacksonville, North Carolina
Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 7,948,057	\$ 7,713,064	97.04 %	\$ 179,708	\$ 7,892,772	99.30 %
2000	8,289,972	8,027,020	96.83	196,780	8,223,800	99.20
2001	10,148,926	9,847,945	97.03	238,619	10,086,564	99.39
2002	10,448,606	10,087,516	96.54	288,223	10,375,739	99.30
2003	10,615,036	10,256,566	96.62	279,362	10,535,928	99.25
2004	11,066,894	10,664,781	96.37	327,909	10,992,690	99.33
2005	11,599,071	11,100,980	95.71	300,707	11,401,687	98.30
2006	12,283,606	11,702,137	95.27	264,718	11,966,855	97.42
2007	13,527,026	13,142,197	97.16	240,533	13,382,730	98.93
2008	16,625,906	16,077,078	96.70	-	16,077,078	96.70

Source: Onslow County Tax Administrator/Collector

City of Jacksonville, North Carolina
Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

Fiscal Year	Onslow County ^a
1999	2.00 %
2000	2.00
2001	2.00
2002	2.00
2003	2.00
2004	2.50 ^b
2005	2.50
2006	2.50
2007	2.50
2008	2.50

Sources: City Finance Office and Onslow County Finance Office

Notes: The County sales tax rate may be changed only with the approval of the state legislature.

^a The City does not levy a separate sales tax from the County.

^b The County sales tax rate increased to 2.50% effective January 1, 2003.

Table 10

City of Jacksonville, North Carolina
Ratios of Outstanding Debt by Type
 Last Six Fiscal Years ^a

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2003	\$ -	0%	\$ -
2004	-	0%	-
2005	-	0%	-
2006	-	0%	-
2007	-	0%	-
2008	-	0%	-

Fiscal Year	Other Governmental Activities Debt	Business-type Activities			Total Primary Government	Percentage of Personal Income ^b	Debt Per Capita
	Installment Purchase Loans	Sanitary Sewer Revolving Loan	Installment Purchase Loans	Other Loans			
2003	\$ 12,095,659	\$ 17,085,490	\$ 10,760,114	\$ 297,620	\$ 40,238,883	1.12% %	\$ 589
2004	11,161,778	15,903,262	16,085,346	226,190	43,376,576	1.12%	595
2005	9,750,333	15,401,849	16,263,518	154,762	41,570,462	0.96%	565
2006	8,575,888	14,010,028	16,643,306	83,333	39,312,555	0.80%	538
2007	9,854,478	12,630,112	22,597,001	-	45,081,591	0.87%	606
2008	8,541,633	15,819,637	19,658,452	-	44,019,722	NA	569

Notes:

NA - Data for that year is not available

The City has no outstanding general obligation bonds. Details regarding the City's outstanding debt can be found in the notes to the financial statements (Note 9).

^a Data is not available prior to FY2003.

^b Source: US Bureau of Economic Analysis. See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

Table 11

City of Jacksonville, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Onslow County General Obligation Debt	\$ 106,665,000	25.22%	\$ 26,903,546
Other Debt			
Onslow County Certificates of Participation	13,950,000	25.22%	3,518,534
Onslow County Installment Purchase Loans	17,541,845	25.22%	4,424,486
Subtotal, overlapping debt			34,846,566
City direct debt			9,714,850
Total direct and overlapping debt			<u><u>\$ 44,561,416</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Onslow County Tax Collector/Assessor. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Jacksonville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Onslow County's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for Onslow County's installment purchase, loan, and other debt. The percentage of overlapping debt is based on the June 30, 2006, assessed valuation of the County of Onslow (\$10,525,892,537) as compared to the June 30, 2006, assessed valuation of the City of Jacksonville (\$2,654,889,911).

City of Jacksonville, North Carolina
Legal Debt Margin Information
 Last Six Fiscal Years ^a

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$2,654,889,911
Debt limit (8% of assessed value)	212,391,193
Debt applicable to limit:	
Installment purchase	9,714,850
Total net debt applicable to limit	<u>9,714,850</u>
Legal debt margin	<u>\$ 202,676,343</u>

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 143,200,902	\$ 148,940,248	\$ 154,953,270	\$ 162,724,896	\$ 201,645,680	\$ 212,391,193
Total net debt applicable to limit	<u>12,095,656</u>	<u>11,161,778</u>	<u>9,845,590</u>	<u>10,419,924</u>	<u>11,003,772</u>	<u>9,714,850</u>
Legal debt margin	<u>\$ 131,105,246</u>	<u>\$ 137,778,470</u>	<u>\$ 145,107,680</u>	<u>\$ 152,304,972</u>	<u>\$ 190,641,908</u>	<u>\$ 202,676,343</u>
Total net debt applicable to the limit as a percentage of debt limit	8.4%	7.5%	6.4%	6.4%	5.5%	4.6%

Note: Under state finance law, the City's outstanding general obligation debt may not exceed eight percent (8%) of total assessed property value. The City has no outstanding general obligation bond debt.

^a Data for previous years is not available.

Table 13

City of Jacksonville, North Carolina
Demographic and Economic Statistics
 Last Ten Calendar Years

Fiscal Year	(1) Population ^a	(2) Personal Income ^a (in thousands)	(2) Per Capita Personal Income ^a	(1) Median Age ^a	(3) School Enrollment ^b	(4) Unemployment Rate Percentage ^c
1999	74,141	3,293,434	22,011	25.25 (5)	25,313	3.7 %
2000	73,988	3,437,230	22,900	25.19 (5)	25,453	4.8
2001	66,715 (6)	3,607,640	24,362	22.40 (6)	24,867	5.4
2002	66,176	3,580,321	23,910	24.70	25,656	7.0
2003	68,357	3,874,134	25,579	23.96	26,236	7.4
2004	72,873	4,344,447	28,104	23.75	26,529	6.1
2005	73,531	4,922,357	32,705	23.98	27,213	6.1
2006	73,121	5,173,724	31,942	22.10 (7)	22,283	4.7
2007	74,433	NA	NA	NA	22,787 (8)	5.1
2008	77,301	NA	NA	NA	22,840 (8)	6.0

Sources:

- (1) NC Office of State Planning - State Demographer
 - (2) US Department of Commerce, Bureau of Economic Analysis
 - (3) Onslow County Board of Education
 - (4) US Dept of Labor, Bureau of Labor Statistics
 - (5) State Library of North Carolina - Woods and Poole Annual County Profile
 - (6) US Census Bureau
 - (7) American Community Survey, US Census Bureau
 - (8) NC Department of Public Instruction website (www.dpi.state.nc.us)
- NA - Data not available

Notes:

^a Population, personal income, and median age information is based on surveys conducted during the last quarter of the calendar year. Population includes portions of Marine Corps Base Camp Lejeune that were annexed in 1990. Personal income and per capita personal income figures are for the Jacksonville Metropolitan Statistical Area (MSA), which includes Onslow County.

^b FY2006 and later school enrollment is based on a census of membership at the end of the school year. Previous years' numbers were the actual enrollment during the school year; students who transferred schools during the academic year were counted more than once. The apparent drop in enrollment from FY2005 to FY2006 is caused by the more accurate method of counting enrollment in FY2006, and does not reflect a drop in the number of students in the Onslow County school system.

^c Unemployment rate information is as of June 30th. The State and local rates reflect revised inputs, reestimation, and new Statewide controls through 2006.

Table 14

City of Jacksonville, North Carolina
Principal Employers, Current and Prior Year ^a

Employer	2008			2007		
	Employees ^b	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Onslow County Board of Education	1,000+	1	See %	3,150	2	5.74 %
Department of Defense (civilian employees) ^c	1,000+	2	below	4,675	1	8.52
Camp Lejeune Marine Corps Community Services	1,000+	3				
Onslow County Government	1,000+	4		1,075	3	1.96
Onslow Memorial Hospital	1,000+	5		1,000	4	1.82
Wal-Mart Associates, Inc.	500-999	6		610	6	1.11
Coastal Carolina Community College	500-999	7				
PRC	500-999	8				
City of Jacksonville	250-499	9		471	8	0.86
Food Lion, LLC	250-499	10		420	10	0.77
Customerlinx of North Carolina, Inc.	-			620	5	1.13
Camp Lejeune Dependent Schools	-			585	7	1.07
Convergys Marketing	-			450	9	0.82
Total	-		%	13,056		23.80 %

Sources: 2007 - Onslow County Finance Office (based on data received directly from employers), 2008 - NC Employment Security Commission. Data is for the Jacksonville Metropolitan Statistical Area (MSA), which includes Onslow County.

Notes:

^a Data is not available prior to FY 2007.

^b Actual number of employees is not available for 2008 for all employers; therefore, the range provided by the Employment Security Commission is used.

^c Includes civilian employees at the Marine Corps Base Camp Lejeune, New River Air Station, and Camp Johnson.

Employment by Industry Category

Because only ranges are available for FY2008, the percentage of total City employment cannot be calculated for each employer. To give an idea of the impact the Marine Corps installations and other government agencies have on the local economy, the following table from the NC Employment Security Commission is provided. The high percentage (28.38%) of government employment at all levels contributes to an extremely stable economy for Jacksonville and Onslow County.

Industry	No. of Units	Annual Average Employment	Percentage	Average Weekly Wage
Total Federal Government	34	5,114	11.45 %	\$ 775.83
Total State Government	24	1,030	2.31	555.50
Total Local Government	19	6,531	14.62	659.44
Total Private Industry	2,784	31,985	71.62	448.33
Total All Industries	2,861	44,660	100.00 %	\$ 519.19

City of Jacksonville, North Carolina
Full-Time City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005
General government:							
Mayor and Council	7	7	7	7	7	7	7
City Manager	6.5	6.5	6	6	6	5	5
Community Programs	-	-	-	-	-	-	-
Legal	-	-	-	-	1	1	1
Human Resources	2	5	5	3	3	5	5
City Clerk	2	2	2	1	1	2	2
Finance	19	17	17	20	20	19	19
Planning	6	7	7	5	5	6.3	6.5
Transportation	3	2	2	2	2	1.5	1.5
Public Safety:							
Police (Note 1)	130	130	130	130	128	130	130
Sworn							
Non-sworn							
Animal Control	1	-	-	-	-	-	-
Fire (Note 1)	71	72	72	72	72	75	75
Firefighters							
Administrative Support							
Building Inspections	9	10	10	11	11	11.2	12
Public Works:							
Administration	2	2	2	1.5	1.1	1.1	1.1
Engineering	3	3	3	4	4	4.5	4.5
Bldg & Grounds Maint	18	20	20	13	13	13	13
Streets	32	31	31	31	31	31	30
Recreation and Parks	11	11	12	20	19	19	20
Water/Sewer Operations:							
Administration	2	2	2	2.5	2.9	2.9	2.9
Engineering	6	6	6	4	4	4.5	4.5
Metering	7	7	7	7	7	7	7
Utilities Maintenance	12	12	12	20	20	20	21
Water Supply	8	8	8	6	6	6	6
Wastewater	17	17	18	12	12	12	12
Stormwater/Water Quality	-	-	-	-	-	2	2
Streets/Stormwater Drainage	-	-	-	-	-	-	-
Sanitation/Solid Waste Disposal	41	41	41	41	41	41	41
Fleet Maintenance	7	7	7	7	7	8	8
City Hall Maintenance	1	1	1	1	1	1	1
Info Technology Services	5	5	6	8	9	9	10
Video/Media Services	-	-	-	-	-	-	1
Community Development	4.5	4.5	4	4	4	4	4
E-911 (Note 2)	-	-	-	-	-	-	-
TOTAL	433	436	438	439	438	449	453

Source: Finance Department

Note 1: In FY2008, reporting for Police and Fire personnel was changed to reflect sworn/non-sworn Police personnel, and firefighters and administrative support Fire Department personnel.

Note 2: E-911 funds 20% of a GIS Specialist position, with the remaining 80% charged to Planning (10%), ITS (10%), and Utilities Engineering (60%).

Note 3: Several positions are split between departments or funds, which accounts for the decimal numbers in various departments.

Table 15

2006	2007	2008	Function/Program
			General government:
7	7	7	Mayor and Council
5	5	5	City Manager
-	1	2	Community Programs
1	1	1	Legal
5	5	5	Human Resources
3	3	3	City Clerk
20	22	22	Finance
6.5	8.3	10	Planning
2.5	2.6	2.1	Transportation
			Public Safety:
131	132	-	Police (Note 1)
		113	Sworn
		26	Non-sworn
-	-	-	Animal Control
75	75	-	Fire (Note 1)
		73	Firefighters
		2	Administrative Support
12	12.1	12	Building Inspections
			Public Works:
1.1	1.6	1.4	Administration
4.5	3.6	4	Engineering
13	13	13	Bldg & Grounds Maint
30	22	22	Streets
20	22	23	Recreation and Parks
			Water/Sewer Operations:
2.9	3.4	3.6	Administration
7.5	8.2	8.6	Engineering
7	7	7	Metering
22	22	22	Utilities Maintenance
6	6	6	Water Supply
12	12	12	Wastewater
2	3	3	Stormwater/Water Quality
-	15	15	Streets/Stormwater Drainage
41	41	41	Sanitation/Solid Waste Disposal
8	8	9	Fleet Maintenance
1	1	1	City Hall Maintenance
10	10.1	11.1	Info Technology Services
2	2	2	Video/Media Services
4	4	4	Community Development
-	0.1	0.2	E-911 (Note 2)
462	479	492	TOTAL

Table 16

City of Jacksonville, North Carolina
Operating Indicators by Function/Program
 Last Eight Fiscal Years ^a

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008
General government								
Building permits issued (Note 1)	609	774	615	865	810	996	924	867
Number of residential units (Note 2)	508	363	275	369	404	385	318	240
Number of commercial units (Note 2)	15	24	29	50	25	25	29	49
Building inspections conducted (Note 1)	12,325	14,816	16,358	18,345	21,110	21,297	17,947	14,680
Business privilege licenses issued	3,324	3,319	3,344	3,523	3,694	4,321	4,049	3,863
Business privilege license collections (Note 3)	383,584	411,789	426,563	444,496	476,033	539,458	607,299	649,834
Zoning inspections conducted (Note 4)	NA	1,693	1,097	1,910	2,139	2,122	2,749	1,993
Police								
Physical arrests (Note 5)	2,013	2,170	2,076	2,211	2,320	2,409	2,461	1,452
Traffic citations	11,373	8,175	4,993	10,356	10,074	12,399	14,114	7,358
Calls for service	70,482	70,020	69,536	78,215	78,874	85,414	96,214	48,937
Priority 1 response time (minutes/seconds)	6:25	6:49	6:30	6:42	6:40	7:31	6:47	7:03
Fire								
Emergency responses	1,934	1,854	2,097	2,375	2,319	2,260	2,283	2,407
Fires extinguished	195	205	205	195	178	184	229	180
Fire inspections conducted	668	995	843	1,081	1,227	1,093	1,361	1,179
Calls for service	NA	NA	NA	NA	NA	NA	NA	5,089
Public Works								
Potholes repaired	1,467	1,778	2,064	2,269	1,148	3,154	2,243	2,438
Total street miles swept	4,250.8	4,669.9	3,553.7	8,189.4	5,450.0	2,301.5	2,729.6	2,813
Recreation and Parks								
Youth baseball/softball registrations	NA	NA	NA	741	858	923	934	853
Senior citizen program registrations	NA	NA	NA	454	593	457	540	615
Water								
Avg daily consumption (thousands of gallons)	3,805	3,854	3,956	4,027	4,484	4,825	4,810	3,952
Number of utility accounts	12,683	12,683	14,085	14,456	14,709	14,813	15,478	15,715
Wastewater								
Avg daily sewer treatment (thousands of gallons)	4,942	4,488	5,141	5,411	5,044	5,242	5,498	4,549
Solid Waste Disposal								
Refuse collected (residential/commercial tons/wk)	621.99	596.96	629.31	661.61	664.16	675.62	669.20	650.37
Yard waste collected (tons per week)	40.58	65.16	76.53	88.56	112.11	111.21	95.89	92.42
Recyclables collected (tons per fiscal year)	696.65	712.95	749.24	763.04	821.75	887.59	1,124.00	1,427.00
Stormwater								
Drainage ditches maintained (miles)	25.6	60.2	NA	NA	NA	41.1	59.0	47.7
Transportation								
Jacksonville Transit System ridership (monthly average) (Note 6)	NA	120	310	573	810	965	1,306	1,306

Source: City departments

Notes:

^a Data is not available prior to FY2001.

NA - Data not available

Note 1: The number of building permits issued includes only those issued for structures (single- and multi-family homes, mobile homes, commercial buildings, additions, and schools), and Certificate of Occupancy permits. It does not include swimming pools, signs, demolitions, and electrical, mechanical, and plumbing permits; however, these categories are included in the total for building inspections conducted.

Note 2: The number of residential and commercial units does not correspond to the building permits issued because 1) building permits includes additions/alterations and Certificates of Occupancy, and 2) only one permit is issued for multi-family (apartment) buildings with multiple units.

Note 3: The significant gain from FY2006 to FY2007 was due to changing business license fees to a gross receipts basis.

Note 4: FY2001-06 are reported by calendar year. Beginning with FY2007, number will be reported by fiscal year to be consistent with other categories.

Note 5: Arrest data prior to FY2007's report reflected the number of charges rather than the number of physical arrests. The data was corrected in last year's report to show the actual number of individual arrests.

Note 6: The Jacksonville Transit System began operation in November 2007 with more vehicles and routes, using Federal Transit System Section 5307 grant and local match funds. Prior to that time, the local transit system, the LOOP, used one 9- to 12- person van that ran along a fixed, circular route. It was initiated as a transportation demonstration project funded in part through grants from the NC Department of Transportation. Because the Transit System is much more extensive than the LOOP was, the average for FY2008 reflects only the Transit System numbers for November 2007-June 2008, an average of 2,905 riders per day versus 1,322 for the LOOP.

Table 17

City of Jacksonville, North Carolina
Capital Asset Statistics by Function/Program
 Last Eight Fiscal Years ^a

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008
General government								
Area (square miles)	NA	NA	43.19	43.62	43.71	44.62	45.15	45.30
Land/Buildings (dollars)	12,154,286	12,144,272	12,268,323	12,360,798	17,435,277	18,355,699	19,370,518	#REF!
Police								
Stations	1	1	1	1	1	1	1	1
Police vehicles (Note 1)	122	141	145	121	137	123	118	143
Fire								
Stations	4	4	4	4	4	4	4	4
Fire Engines	9	9	9	9	9	9	9	9
Public Works								
Streets (miles) (Note 2)	165.64	166.37	166.37	167.16	168.99	170.41	173.73	174.87
Sidewalks (miles) (Note 3)	30.56	31.57	31.57	33.21	35.91	41.01	43.65	159.84
Recreation and Parks								
Parks (Note 4)	16	16	20	20	20	23	23	23
Acreage	228.0	228.0	262.4	262.4	262.4	294.23	292.57	292.57
Playgrounds	13	13	15	15	15	15	15	15
Athletic fields	16	18	20	20	25	25	25	25
Recreation centers	4	4	4	4	4	4	4	4
Water								
Water mains (miles)	201.00	202.63	204.50	205.45	207.80	209.48	273.59	275.00
Pump stations	38	38	38	38	39	39	39	39
Fire hydrants	1,697	1,818	1,857	1,917	1,967	1,989	2,057	2,133
Storage capacity (mil gallons)(Note 5)	2.8	2.8	2.8	2.8	2.8	3.9	3.9	3.9
Wastewater								
Sanitary sewers (miles)	198.42	200.48	201.83	202.56	204.57	206.5	247.13	245.00
Storm drainage ditches (miles)	NA	NA	NA	NA	NA	100.0	100.0	129.00
Treatment capacity (mgd)	6.0	6.0	6.0	6.0	6.0	6.0	6.3	6.6
Solid Waste Disposal								
Sanitation trucks	12	12	12	12	12	12	11	11
Other sanitation vehicles (Note 6)	7	7	7	7	7	7	7	7

Source: City departments

Notes:

^a Data is not available prior to FY2001.

NA indicates data is not available.

(1) The FY2002, FY2003, FY2005 and FY2008 numbers of police vehicles include surplus vehicles not yet sold.

(2) Street mileage includes those streets within the City limits that are maintained by the NC Department of Transportation (32.03 miles)

(3) In prior years, sidewalks were measured using the street's center line measurement. This has been corrected for FY2008 to reflect actual mileage of sidewalks on both sides of the streets.

(4) Recreation parks and acreage for FY 2006 included 3 proposed parks totaling 31.85 acres. The then-existing 20 parks comprised 262.4 acres. Adjustment in FY2007 is due to obtaining more accurate GIS data.

(5) For FYs 2007 and 2008, normal capacity is 6.0 million gallons; however, the City is operating under a Special Order of Consent from NCDENR which allows 6.3 million gallons capacity pending expansion of the Land Application Facility for wastewater treatment.

(6) Other sanitation vehicles include two boom trucks, three dial-a-trucks, and two pickup trucks.



COMPLIANCE SECTION

The Compliance Section contains various schedules and Auditor opinions reflecting Federal, State and Local matching participation in various projects and programs of the City. The Single Audit Amendments Act of 1996 established audit requirements for State and Local governments that receive Federal assistance. The audit requirements were established to insure that audits are conducted on an organization wide basis, rather than on a grant-by-grant basis.

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report
on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards**

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Jacksonville, North Carolina, as of and for the year ended June 30, 2008, which collectively comprise City of Jacksonville's basic financial statements, and have issued our report thereon dated October 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Jacksonville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of City of Jacksonville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Jacksonville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the members of the City Council, management, federal and State awarding agencies, pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 31, 2008

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report on Compliance
With Requirements Applicable to Each Major Federal Program
and on Internal Control Over Compliance in Accordance With
OMB Circular A-133 and the State Single Audit Implementation Act**

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, North Carolina

Compliance

We have audited the compliance of City of Jacksonville, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2008. City of Jacksonville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Jacksonville's management. Our responsibility is to express an opinion on City of Jacksonville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Jacksonville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Jacksonville's compliance with those requirements.

In our opinion, City of Jacksonville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of City of Jacksonville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Jacksonville's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of the City Council, management, federal awarding agencies, pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 31, 2008

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report
on Compliance With Requirements Applicable
to Each Major State Program and on Internal Control
Over Compliance in Accordance With Applicable Sections
of OMB Circular A-133 and the State Single Audit Implementation Act**

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, North Carolina

Compliance

We have audited the compliance of City of Jacksonville, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to its major State program for the year ended June 30, 2008. City of Jacksonville's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of City of Jacksonville's management. Our responsibility is to express an opinion on City of Jacksonville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about City of Jacksonville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Jacksonville's compliance with those requirements.

In our opinion, City of Jacksonville complied, in all material respects, with the requirements referred to above that are applicable to its major State program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of City of Jacksonville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered City of Jacksonville's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of the City Council, management, State awarding agencies, pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 31, 2008

City of Jacksonville, North Carolina

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2008**

Section 1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X None reported

Noncompliance material to financial statements noted

_____ yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X None reported

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

_____ yes X No

City of Jacksonville, North Carolina

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2008

Identification of major federal programs:

CFDA #	Program Name
66.468	Drinking Water State Revolving Fund
20.507	Federal Transit Formula Grants (Urbanized Area Formula Program)

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee? X Yes no

State Awards

Internal control over major State program:

- Material weakness(es) identified? Yes X no
- Significant deficiency(ies) identified
that are not considered to be
material weaknesses? Yes X none reported

Type of auditor's report issued on compliance for major State programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with the State Single
Audit Implementation Act? Yes X no

Identification of major State programs:

NC Object #	Program Name
N/A	NonState System Street Aid Allocation

City of Jacksonville, North Carolina

**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2008**

Section 2. Financial Statement Findings

None

Section 3. Federal Award Findings and Questioned Costs

None

Section 4. State Award Findings and Questioned Costs

None

City of Jacksonville, North Carolina

**Corrective Action Plan
For the Fiscal Year Ended June 30, 2008**

Section 2. Financial Statement Findings

No corrective action plan is required in the current year.

Section 3. Federal Award Findings and Questioned Costs

No corrective action plan is required in the current year.

Section 4. State Award Findings and Questioned Costs

No corrective action plan is required in the current year.

City of Jacksonville, North Carolina

**Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2008**

There are no prior audit findings (as that term is defined in OMB Circular A-133) that require reporting in this schedule.

City of Jacksonville, North Carolina

**Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2008**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Expenditures		
			Federal Direct and Pass-Through	State	Local
FEDERAL AWARDS					
US Department of Housing & Urban Development					
Direct Program:					
Community Development Entitlement	14.218	B-99MC370014	\$ 430,830	\$ -	\$ -
US Department of Justice					
Direct Program:					
Bulletproof Vest Program	16.607		6,773		9,844
In Car Camera Accountability Program	16.738		15,544	-	-
Weed and Seed Grant	16.595		43,308	-	-
Justice Assistance Grant			497	-	-
Pass through: Onslow County Board of Education				-	-
School Resource Officer	16.592		232,051	-	116,112
Total US Department of Justice			298,173	-	125,956
US Department of Transportation					
Direct Program:					
Federal Transit Formula Grants (Urbanized Area Formula Program)	20.507	(M)	320,200	26,632	126,059
Pass through: NC Department of Transportation					
104-F Transportation Grant	20.205		256,596	-	64,149
Rails to Trails - Transportation Enhancement Grant	20.205		112,188	-	51,681
Total US Department of Transportation			688,984	26,632	241,889
US Department of Homeland Security					
Direct Program:					
Assistance to Firefighters Grant	97.044		70,200		7,800
Pass through: NC Department of Crime Control and Public Safety					
Governor's Crime Commission	97.067		2,700	-	-
Total US Department of Homeland Security			72,900	-	7,800
US Environmental Protection Agency					
Pass through: NC Department of Environment and Natural Resources					
Public Water Supply Division					
Drinking Water State Revolving Fund	66.468	(M)	3,674,600	918,650	-
US Department of Commerce					
National Oceanic and Atmospheric Administration					
Office of Finance and Administration					
Direct Program					
Chaney Creek Watershed	11.463		69,143	-	12,544

City of Jacksonville, North Carolina

Schedule of Expenditures of Federal and State Awards (Continued)
For the Fiscal Year Ended June 30, 2008

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Expenditures		
			Federal Direct and Pass-Through	State	Local
STATE GRANTS (all direct):					
NC Department of Crime Control and Public Safety					
Division of Governor's Crime Control					
Investigative Overtime Grant		N/A	-	3,944	1,315
Gang Enforcement Prevention Interdiction		N/A	-	6,023	2,008
Total NC Department of Crime Control and Public Safety				9,967	3,323
NC Department of Transportation					
Nonstate System Street Aid Allocation		(M)	-	2,137,277	-
State Maintenance Assistance Program		N/A	-	154,141	154,141
Section 5305 Grant		N/A	-	24,129	2,681
Governors Highway Safety		N/A		1,116	372
Total NC Department of Transportation			-	2,316,663	157,194
NC Department of Environment and Natural Resources					
NC Coastal Management Program					
Land Use Plan Phase II		N/A	-	7,459	5,639
Public Beach and Coastal Access		N/A	-	287,018	38,789
Division of Environmental Health					
State Aid for Mosquito Control		N/A	-	29,467	43,472
Total NC Department of Environment and Natural Resources			-	323,944	87,900
NC Department of Cultural Resources					
NC Arts Council					
Grassroots Arts Program		N/A	-	1,317	10,922
e-NC Authority					
PEG Channel Grant		N/A	-	25,000	27,845
NC Department of Juvenile Justice and Delinquency Prevention					
Juvenile Transportation Grant		N/A	-	150	-
Total federal expenditures			\$ 5,234,630		
Total State expenditures				\$ 3,622,323	
Total local expenditures					\$ 675,373

City of Jacksonville, North Carolina

**Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2008**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of City of Jacksonville, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Outstanding Loans

The City of Jacksonville has outstanding loan balances from federal and State funding sources that are not required to be presented within the Schedule of Expenditures of Federal and State Awards because there are no continuing requirements beyond repayment of the loan balances in accordance with loan agreement provisions.